Austria	Sch22	Indonesia	Rp3100	Portugal	Esc100
Bahrain	Din0.650	Israel	IS3.50	S.Arabia	Rs7.00
Belgium	BFr48	Italy	L1600	Singapore	S$4.10
Canada	C$1.00	Japan	Y600	Spain	Pta125
Cyprus	C£0.75	Jordan	Fils500	Sri Lanka	Rs30
Denmark	DKr9.00	Kuwait	Fils500	Sweden	SKr9.00
Egypt	E£2.25	Lebanon	S.L125.00	Switz	SFr2.20
Finland	Fmk7.00	Lux	LFr48	Taiwan	NT$65
France	FFr6.50	Malaysia	Rm4.25	Thailand	Bt50
Germany	DM2.20	Mexico	Pes300	Tunisia	Din0.800
Greece	Dr100	Morocco	Dh6.00	Turkey	L500
Hong Kong	HK$12	Neth	Fl3.00	UAE	Dh6.50
India	Rs15	Norway	Nkr10.00	USA	$1.00

FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,502 Wednesday March 30 1988 D 8523 A

Rule of law victim of Palestinian conflict, Page 3

World News

Soviet ban on protests spreads to Georgia

Authorities in the Soviet Transcaucasian republic of Georgia banned spontaneous demonstrations with rules similar to those adopted last week in neighbouring Azerbaijan and Armenia, hit by ethnic unrest.

Demonstrators breaking the new rules could face up to three years' imprisonment or a fine of up to 300 roubles ($500). Strike continues in Nagorno Kara, Page 2; Armenian conflict puts Gorbachev to the test, Page 22

Dole backs Bush as he quits race

Senator Robert Dole quit the Republican Presidential race with an appeal to his party to rally behind Vice President George Bush. Page 22

Panama seeks aid

Panamanian ministers at a meeting in Caracas, Venezuela, appealed to 25 Latin American countries for food and economic aid and assistance to begin printing Panama's own currency. Page 4

N-pact optimism

Warsaw Pact foreign ministers, beginning a two-day meeting in Sofia, were cautiously optimistic that a treaty on long-range nuclear missiles would be ready to sign for the Reagan-Gorbachev summit in May. Page 2

Iranian missile attack

Iran said it fired two missiles at an Iraqi border city to avenge Iraqi air strikes, while both sides reported civilian casualties in the so-called war of the cities. Iran also said it would soon be able to produce enough of its own missiles to fire up to 20 a day at Baghdad.

Justice minister quits

Venezuelan Justice Minister Jose Manzo Gonzalez resigned following weeks of public controversy and amid allegations that he operated a secret police force answerable only to him. Page 4

Mururoa 'at risk'

Australia said France's decision to move its South Pacific nuclear test site from Mururoa atoll to a nearby island was an admission that the atoll was at risk of breaking up. Page 3

Jayewardene 'immune'

A Sri Lankan court refused to hear a 100m rupee ($3m) defamation suit against President Junius Jayewardene, saying the president was constitutionally immune from any law suit. The petition was filed by opposition leader Anura Bandaranaike.

Cypriot conflict

Police in London broke up clashes between Greek and Turkish Cypriots before a conference attended by Turkish Cypriot leader Rauf Denktash. Athens aims for Aegean stand-down, Page 2

Taiwan demo clash

Eight riot policemen were injured in Taipei in a clash with demonstrators demanding full elections to Taiwan's parliament.

Colombia drug scandal

Colombia's Attorney-General resigned following reports that his brother was linked to the Medellin cocaine cartel. Page 4

Botswana demand

Botswana demanded an apology and compensation from South Africa for a raid on its capital in which four people died.

London skyscraper plan

A Canadian developer unveiled plans for a £3bn to £4bn ($5.4bn to $7.2bn) project, including the construction of Britain's tallest skyscraper, on Canary Wharf in the once-decaying docks of London. Picture, Page 22; Report, Page 9

Business Summary

Sterling rises as $ recovers in Far East

STERLING rose sharply on foreign exchange markets after a mild recovery in the dollar following intervention by the Bank of Japan in Tokyo and supportive comments from Japanese insurance companies.

The pound put on two pfennigs and more than a cent in active trading with most gains occurring earlier in the day in Far East trading.

Sterling closed in London at $1.8705 ($1.8590), DM3.1075 (DM3.0875), Y233.0 (Y230.75), SFr2.5700 (SFr2.5475), FFr10.5350 (FFr10.4625). Page 22, currencies, Page 35

DOLLAR closed in London at DM1.6615 (DM1.6610), Y124.55 (Y124.15), SFr1.3735 (SFr1.3705), FFr5.6325 (FFr5.6275). Page 35

WALL STREET: At 1pm the Dow Jones industrial average was up 19.90 at 1,999.67. Page 46

LONDON: The FT-SE 100 Share Index closed 18.6 points up at 1,765.6 and the FT Ordinary Share Index closed 11.2 higher at 1,405.6. Page 42

TOKYO: Keen buying pushed Tokyo share prices back to pre-crash levels amid strong demand for high-technology stocks and issues benefiting from economic growth. The Nikkei average closed up 330.35 at 25,953.05. Page 46

SMITHKLINE BECKMAN, leading US pharmaceuticals group, raised its offer for International Clinical Laboratories to $37 a share, or about $390m, only hours after Corning Glass Works increased its bid for the medical laboratory testing group to $35.

AMERICAN Stores, third largest US grocery and drug retailing chain, is willing to pay $50 a share for Lucky Stores if the California-based supermarket group agrees to an "expeditious" friendly deal. Page 23

US Court of Appeals overturned a preliminary injunction issued by a lower court that had blocked Eastman Kodak's plan to combine its photofinishing operations with those of Fuqua Industries.

ODYSSEY Partners, New York investment firm which has joined management at J.P.Stevens in trying to buy the second largest US textile group, raised its bid to $64 a share or $1.16bn. Page 23

ELDERS Investments, Hong Kong-based subsidiary of Elders IXL of Australia, and its sister company Elders Finance, intend to provide $300m cashbacking to the $2.16bn Desert Partners bid for USG, the big US building products group which is North America's largest gypsum producer.

AERITALIA, Italian aerospace company, announced a 40 per cent rise in profits last year and the purchase of a 40 per cent holding in a Texan aircraft engineering company. Page 24

SPANTAX, Spanish charter airline, is to cease trading because of financial problems. A company official said the airline was closing "because we are in debt," but declined to give a figure for borrowings. Page 24

FERMENTA, Swedish animal health and chemicals group, reported a sharp cut in losses for 1987, helped by divestments during the year and higher income from its plant protection operations. Page 24

BANCA Commerciale Italiana (BCI), Italy's second largest state-owned commercial bank, plans to expand its national network over the next five years. Page 24

JARDINE Matheson, Hong Kong trading house, acquired Optical Shop, a chain of 37 optician outlets for HK$277m ($35.5m). Page 25

ANC accuses S Africa of Paris murder

THE AFRICAN National Congress (ANC) yesterday blamed South Africa for the death of its Paris representative, shot yesterday morning at the door of her office, write Michael Holman in London and Victor Mallet in Lusaka.

Miss Dulcie September, in her late 40s, was shot five times with a .22-calibre rifle when she opened the office at the start of the day, French police said. An ANC official in Paris said she had received death threats over the past eight months.

Mr Pik Botha, the South African Foreign Minister, denied that his country was in any way involved in the murder. He said his government "could not be held responsible" for the killing and suggested it was the result of a power struggle within the ANC.

At ANC headquarters in the Zambian capital, Lusaka, where Miss September worked before taking up her post in Paris in 1983, ANC spokesman Mr Tom Sebina described the killing as "testimony to (South African Defence Minister) Magnus Malan's threat that the ANC can be hit anywhere."

He said that ANC offices in Canada, New York, Bonn and Stockholm had been threatened.

The incident would mark a dramatic new development in Pretoria's campaign against the ANC if it is proved that the Paris killing is the work of South African agents.

The ANC believes that South African agents are increasingly active in Europe, responsible for the burglary of ANC offices and homes of anti-apartheid activists, and monitoring the movements of the organisation's officials and sympathisers. But there have been no assassinations.

The ANC has been banned in South Africa since 1960 and the organisation's senior officials in southern African states have long been targets of Pretoria.

In the UK, three men were accused last year of plotting to kidnap senior ANC members in London, but the charges were later dropped. In March 1982, a bomb blast at the ANC's London office injured one official.

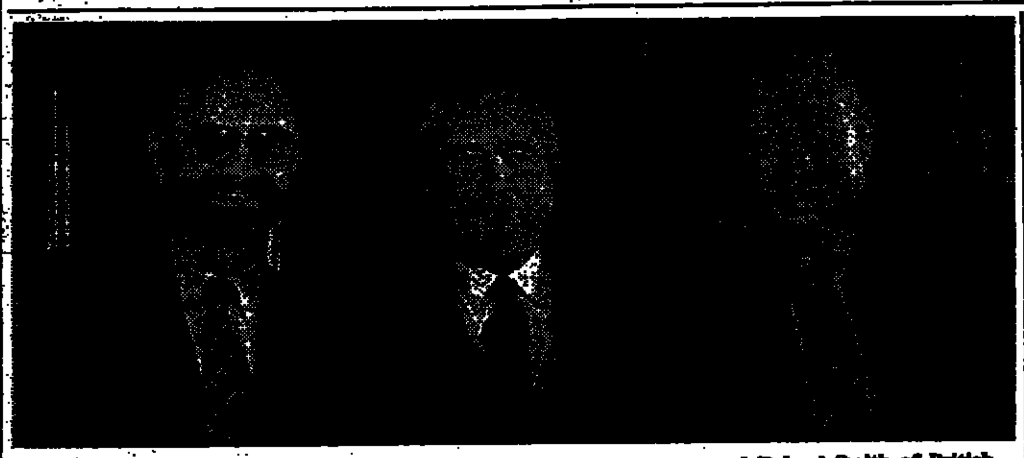
Recently, a shot was fired at the ANC representative in Brussels and last weekend, police defused a bomb outside its office there.

Mr Sebina's allegations came amid growing tensions on the South African border with Botswana and Zimbabwe. Pretoria said yesterday that four suspected ANC guerrillas had been killed by security forces near the northern border with Zimbabwe.

On Monday, South African troops crossed into Botswana and

Continued on Page 22

Dulcie September



Rover's Graham Day (left) with British Trade Secretary Lord Young and Roland Smith of British Aerospace (right) after striking the deal yesterday

UK plans £150m aid to speed Rover sale

BY KEVIN DONE AND PETER RIDDELL IN LONDON

THE UK Government has reached conditional agreement with British Aerospace under which it will take over Rover Group, the state-owned automotive concern, for £150m ($280m), but only after an injection of £800m in fresh state aid.

The unexpectedly generous terms of the Government sell-off met sharp criticism from opposition Labour leaders in Parliament and prompted a 60p jump in the BAe share price which closed in London at 412p.

The deal is still subject to approval by the European Commission, which yesterday launched an investigation into the new tranche of state aid to Rover Group, which has already received £2.98bn in equity from the state since 1977.

The deal must also be approved by an extraordinary meeting of BAe shareholders, which will be called once the Government has the go-ahead from Brussels.

Under the terms of the takeover:

● the Government will make a cash injection into Rover Group of £800m.

● the 99.8 per cent state stake in Rover Group will be sold to BAe for £150m. BAe will pay 2.7p per share for the Government's 5.51bn shares. On the stock market, Rover Group shares – the outstanding 0.2 per cent of equity – still finished lower yesterday, closing down 10p at 65p.

● Rover Group's carry-forward trading tax losses which can be offset against any future Rover Group profits will be reduced from £1.6bn to £500m.

● The effective state guarantee of Rover Group bank debts, trade creditors and other obligations, currently totalling £1.6bn, which would have come into play in the eventuality of a Rover Group bankruptcy, will be eliminated.

● BAe has undertaken not to "relinquish control" of either Austin Rover or Land Rover within five years, and would be subject to financial penalties of up to £650m if it failed to comply.

● On completion of the takeover of the Government stake, BAe will seek to acquire the outstanding shares in Rover Group on a "fair and reasonable" basis "taking into account the circumstances at the time" and after careful consultation with the Rover board.

During parallel statements in both chambers of the British Parliament, Lord Young, the Trade and Industry Secretary, and Mr Kenneth Clarke, the Industry Minister, argued that in the hands of BAe, Rover Group would have the best available chances of developing its independent role in the vehicle industry.

The announcement was welcomed by Tory MPs though crit-

Continued on Page 22

ON OTHER PAGES

● Rover on amber as Renault gets green light, Page 2

● British Aerospace set to cut 1,200 more jobs, Page 9

● Editorial comment: Objections to the bid; Flying start for Smith's new model, Page 20

● Lex, Page 22

Guinness did breach Takeover Code, rules High Court

By Raymond Hughes and Clay Harris

GUINNESS, the brewing and spirits group, faces having to pay out an estimated £100m ($186m) to former shareholders of Distillers after the High Court yesterday refused to overturn a ruling that Guinness had broken the Takeover Code.

The Takeover Panel, the City of London mergers watchdog, had said the group broke the code because of its involvement in a concert party purchase of 10.6m Distillers shares in April 1986, near the close of the £2.7bn battle between Guinness and Argyll Group for the Scottish drinks company. The price paid was substantially higher than the cash alternative in Guinness's offer.

Three High Court judges rejected Guinness's claim that the panel acted unfairly and unlawfully in the way in which it reached its decision. The case did not involve the merits of the decision itself.

Guinness is to consider appealing. The panel will wait until after any appeal before considering the financial consequences of its decision.

Guinness had sought judicial review of the panel's decision, complaining that it had been reached on inadequate evidence.

Lord Justice Watkins said that Guinness could not be criticised for seeking judicial review.

"I think the new board of Guinness is deserving of sympathy in its endeavours to deal with an awful inheritance in the interests of the future of Guinness, its shareholders and anyone who may claim to be adversely affected financially by the manner in which Guinness took over Distillers.

"The vast implications of the additional burden which will be cast upon it by the decision of the panel, if it is not set aside, seem to the directors to be just about the last straw."

However, the judge said, Guinness had not been denied its right to fair treatment and there had been no procedural impropriety in the way the panel dealt with the matter.

Although the court's ruling was based on narrow procedural grounds, it was interpreted yesterday in the City as giving an important boost not only to the largely voluntary system of policing UK mergers but also to the status of the panel itself.

Since Mr Robert Alexander became chairman last summer, the panel has taken a more publicly activist approach in enforcing the Takeover Code.

Details and background, Page 10

Single market 'could save EC states $244bn'

BY DAVID BUCHAN AND WILLIAM DAWKINS IN BRUSSELS

THE 12 European Community member states could be about Ecu200bn ($244bn) a year richer by the late 1990s if they agree to bring down the trade and economic barriers between them.

This is the main conclusion of a two-year study whose key findings the EC Commission released yesterday, in support of its ambitious campaign to create a single European market by 1992.

The report claims that removal of internal EC frontier delays and costs, opening of public markets to competition, ending technical trade barriers, integration of financial markets, and the stimulus to companies to compete with each other Community-wide could, taken together, increase EC gross domestic product by at least 4.5 per cent.

The moves could also cut average consumer prices 6 per cent and create 1.8m new jobs.

The creation of a single EC market could also reduce public financing deficits by an average 2.2 per cent of Community GDP and improve the EC's external trade balance by about 1 per cent of GDP, the report claims.

Mr Jacques Delors, the EC Commission president, said the possible benefits laid out in the report were "not a gift like a Christmas present nor an Easter egg," but "a potential" for the 12 governments to exploit.

He warned them that corporate takeovers and mergers were proceeding in advance of the politicians' decisions, and that they should be given "an acceptable framework."

The report makes implicit demands on the 12 that go beyond the Commission's internal market programme.

It suggests that if EC Governments were at the same time to adopt concerted action on a higher growth policy, the increase in Community GDP could amount to 7 per cent and the number of new jobs could rise to 5m.

Mr Delors warned that only a higher growth strategy could absorb the economic shocks and job losses that would inevitably accompany initial restructuring of industry on an EC scale.

Mr Paolo Cecchini, the Italian economist who supervised the study, which involved 15 reports by outside consultants and the sending of questionnaires 11,000 companies, told a press conference that the benefits outlined in his study resulted from a comparison of "today's non-Europe and some point in the future."

However, he stressed "the point of departure depends on when decisions (by governments) are taken."

The Commission has presented 206 of the 286 market-opening proposals it plans to table before EC Governments, and 69 have been adopted.

The conclusions are based on the assumption that member states accept all the Commission's 300-point programme for scrapping trade restrictions.

The findings give Mr Delors and Lord Cockfield, the British Commissioner in charge of the programme, a boost in their battle to get member governments to overcome some of their objections to controversial details of Brussels' internal market plan.

The reports' details will spark off more controversy, given that – as one EC diplomat pointed out – economists are still arguing today about the economic impact of the EC's creation 31 years ago.

The full version of the study is due to be published in a month.

Gilded vision of 1992, Page 2

Double resignation undermines Meese

BY LIONEL BARBER IN WASHINGTON

MR ED MEESE, the embattled US Attorney General, yesterday suffered two high-level defections with the resignation of his deputy and the head of the US Justice Department's criminal division.

The unexpected resignations of Mr Arnold Burns, deputy US Attorney General, and Mr William Weld, head of the criminal division, came amid continuing legal problems for Mr Meese, who is the subject of two separate criminal investigations.

The Justice Department said the two men wanted to return to the private sector, but the joint resignation, coupled with the departure of four of their assistants, has given the appearance of a mass walk-out on Mr Meese.

Together with the planned departure of Mr Stephen Trott, the head of the anti-trust division, who is to become a Federal Judge in California, the resignations create a management vacuum at the top of the Justice Department.

A court-appointed independent counsel is investigating Mr Meese's alleged role in helping the Wedtech Corporation, a scandal-wracked New York city defence contractor, win Pentagon contracts.

In a separate case, the counsel is examining Mr Meese's role in allegedly promoting within the Reagan Administration a private-sector plan to build a $1bn ($535m) Iraq-to-Jordan pipeline.

Mr Meese has defied calls for his resignation, accusing his Democrat opponents of leading a political witch-hunt. But in recent months he has excused himself from several important cases and morale at the Justice Department has slumped.

Mr Terry Eastland, a Justice Department spokesman, said it was not unusual for political appointees to leave government in the last year of office. He denied that their departure was linked to a policy dispute or to investigations Mr Meese faces.

Mr Meese is one of President Reagan's oldest friends, enjoying a political alliance which goes back 20 years when Mr Reagan was governor of California.

Israeli army threatens to extend shutdown

By Andrew Whitley in Jerusalem

THE ISRAELI army has warned that a three-day, near-total shutdown of the occupied West Bank and Gaza Strip that began on Monday night might be extended if Palestinians staged violent demonstrations in the coming days.

Underground leaders in the occupied territories are calling for all-out protests today, Land Day, the 12th anniversary of the killing of six Palestinians protesting against Israel's confiscation of Arab land.

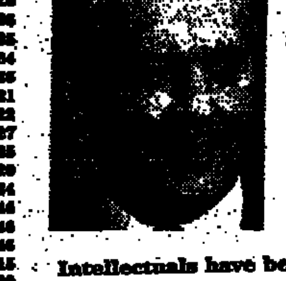
In separate interviews yesterday on the state-run radio, Mr Yitzhak Rabin, the Defence Minister, and Lieutenant General Dan Shomron, the Chief of Staff, said they had received intelligence reports of preparations by extremist Palestinian groups for the staging of bloody incidents.

Mr Rabin said trouble was planned to coincide with next week's return to the Middle East

Continued on Page 22

Casualties of war, Page 3

CONTENTS



ARMENIAN

DIASPORA

SUPPORT

SOVIET

KINSMEN

Intellectuals have been disappointed by Mikhail Gorbachev's refusal to consider boundary revisions, Page 22

Barre seeks to revive his flagging fortunes

BY IAN DAVIDSON IN PARIS

MR RAYMOND BARRE, until recently the leading right-wing candidate in the French presidential elections, yesterday made a new effort to revitalise a campaign which is being increasingly undermined by his decline in the opinion polls and ill-disguised bickering between his ostensible supporters.

Describing the campaign as having reached a "decisive phase" with the entry of Mr François Mitterrand, Mr Barre told a news conference in Paris that he was the only candidate with the "clarity and the credibility" to be able to confront the "equivocation" of Mr Mitterrand.

Mr Barre warned, as he has done many times before, that France faces serious problems – the inadequacy of its education system, its long-term unemployment, its weakness in research, its external payments balance, its excessive consumption and the decline in its savings rate.

"The French have already experienced Mr Mitterrand's socialism between 1981 and 1986," he said. "Will they let themselves be taken in again tomorrow just because the Socialist candidate, draped in his presidential dignity, brandishes a kind of political and social scarecrow designed to regroup behind his motley banner the largest number of electors?"

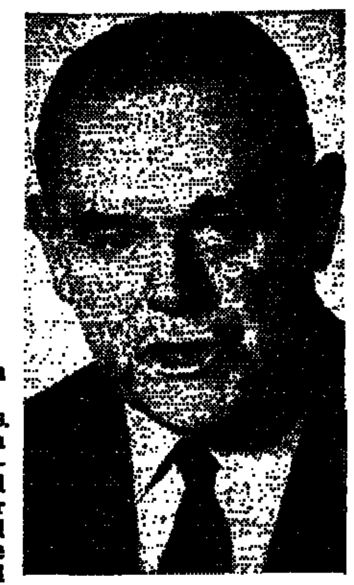
Mr Barre presented a five-part "Project for France", designed to create "a strong France in a powerful Europe" which would, he said, have a common diplomacy, a common defence and a common currency.

He described his five priorities as the strengthening of French education, a strategy for employment through the reform and reduction of taxation, a fairer society including a guaranteed minimum income for those unable to work, a constitutional reform expanding the use of popular referendums, and a guarantee of the impartiality of the state.

His programme would cost Fr130bn over five-to-seven years, he claimed, but a large part of these costs would be saved through the elimination of industrial subsidies.

The last of Mr Barre's priorities – "the impartiality of the state" – is fast becoming one of the most heated themes of the election campaign. For months the Barrists have been muttering behind their hands against the dominant role in the governing coalition of the neo-Gaullist RPR party led by Prime Minister Jacques Chirac. In particular, they complained that the RPR used the denationalisation programme for party political benefit.

But the whole issue of the political abuse of power has been forced towards the top of the agenda by President Mitterrand, who has twice in the past week accused the neo-Gaullists (without naming them) of seeking to take over the state. In turn, the neo-Gaullists are planning to publish their own indictment of what they claim was the Socialist party's abuse of power after its election in 1981.



Barre: bickering supporters

However, Republican Party leaders, ostensibly committed to support Mr Barre, have started openly distancing themselves. Mr Alain Madelin, the Industry Minister, and Mr Gerard Longuet, the Minister of Posts, have both blamed Mr Barre for criticising Mr Chirac and for his indirect attacks on "l'Etat-RPR." "All these attacks," said Mr Longuet, "simply give weapons to Mr Mitterrand."

Meanwhile, Mr Jean-Marie Le Pen, leader of the extreme right-wing National Front Party, yesterday handed over to the Constitutional Council the 500 signatures required to enable him to stand in the election. Sources close to the Elysée claim that Mr Le Pen's real rating in the polls is higher than the published figures – perhaps 13-14 per cent, rather than 11-12; Mr Le Pen has claimed even more than that.

Socialist allegations that negotiations have already taken place between Mr Le Pen and Mr Chirac, have been denied outright by Mr Le Pen's headquarters.

William Dawkins on Commission decisions affecting two EC motor groups

Rover on amber as Renault gets green light

THE European Commission yesterday gave the go-ahead for Renault, the French state-owned carmaker, to receive one of the largest government subsidies ever approved for the EC motor industry and launched an inquiry into UK government plans to write off the debts of Rover, the publicly owned car group.

Renault will be allowed to receive FFr20bn (£1.9bn) in state aid by 1990 so long as the Government sticks to its plans to change the company's status from a *regie*, or guaranteed state group, into a public company subject to normal commercial law. The change in status must take place this year, otherwise the Commission will block the aid.

The decision, the result of a two-year Commission inquiry, comes just before the French presidential elections. It could embarrass the Socialist and Communist parties, which to differing degrees have opposed the decision to end Renault's privileged status.

It is also comes as a surprise from a Commission which normally takes a tough line on state subsidies likely to distort free competition, an important issue in the run-up to the 1992 target date for the creation of a free single market. Under EC competition rules, member states must clear public subsidies with Brussels in advance. Most kinds of state aids are banned in the EC, except for special social or regional reasons, to remedy serious economic disturbances or when common European interests are at stake.

The British subsidiary of Tenneco, the US farm equipment and energy group, has been ordered by the European Commission to repay French government aid for its 1985 purchase of International Harvester, France, Reuter reports from Brussels.

The Commission said the aid, comprising a grant of FFr40m and a subsidised loan of FFr135m, was judged incompatible with EC law because it affected decisions on the location of investment and site closures. EC member states are not allowed to provide inducements which distort free competition.

Over the past year, the Brussels authorities have successfully asked for a reduction in UK government debt write-offs for Leyland Vehicles during its take-over by Daf Trucks of the Netherlands and started an inquiry into the unusually low price Fiat paid for Alfa Romeo in 1986.

Commission officials stressed that the Renault move would have no direct influence on their eventual decision on the UK Government's plan to write off £800m of Rover's debt as a condition of its sale to British Aerospace. Their view on Rover would depend on how much restructuring was involved to help reduce the car industry's overcapacity as well as the competitive effects of the write-off.

Renault's aid was given the green light because it will be used solely to write off enough debt to restore the company, which has lost FFr27bn over the past three years, from a state of financial collapse to one where its net worth is zero – an essential first step to restoring it to normal commercial law.

"This means that no fresh money will be injected into the company for operational or investment purposes," said the Commission. The aid was a key part of Renault's FFr63.4bn restructuring plans, which "would make a significant contribution to the resolution of some of the problems of the EC motor industry without provoking undue distortions of competition," said the Brussels decision.

Of the FFr20bn total, FFr8bn has already been paid in capital injections. The FFr12bn balance is a debt write-off, to be made when the company's *regie* status is removed. The French Fonds Industriel de Modernisation had also lent another FFr1.25bn at cheap subsidised rates, but Brussels said yesterday that the aid element of the loan must be repaid. It had been used to update Renault's production, thereby conferring an unfair advantage.

Renault's restructuring got under way in the early years of this decade, when in common with other EC carmakers it was faced with declining demand, overcapacity and a growing battle against cheap Japanese imports. The company has shed 38,000 jobs and cut capacity by 25 per cent since 1984, a performance which satisfied Brussels that the state aid was being used to help restructure, rather than to support price undercutting.

Gilded vision of 1992 for the Community

BY WILLIAM DAWKINS

"IT IS neither a Christmas present nor an Easter egg . . . This is a potential which has to be used by the governments of member states, industry and the other economic protagonists."

That was the message which Mr Jacques Delors, president of the European Commission, drew from yesterday's long-awaited report of the economic gains in store if the European Community fulfils its vision of creating a genuine single market by 1992.

The study lists a dazzling inventory of the contents of the pot of gold at the end of the 1992 rainbow. It includes a one-off gain of between Ecu170bn (£114bn) and Ecu250bn (£167bn) from the economies of scale, cost benefits and tougher competition to come from scrapping trade barriers; an increase of 4.5-7 per cent in the Community's gross domestic product; between 1.8m and 5m new jobs and a drop in consumer prices of up to 6 per cent.

Those figures, the result of two years' research by independent consultants into the activities of 11,000 companies across the Community, are the first serious attempt yet to quantify the likely impact of the EC's much trumpeted internal market programme, and were yesterday being respected as such by even the most sceptical national officials.

The conclusions are based on the assumption that member states accept all the Commission's 300-point programme for scrapping trade restrictions. They include, among other things, setting common industrial and professional standards, scrapping border controls, harmonising some tax rates and setting common administrative procedures.

The findings provide ideal public relations weapons for Mr Delors and for Lord Cockfield, the British Commissioner in charge of the programme, in their battle to get member governments to overcome some of their objections to controversial details of Brussels' internal market plan, like the approximation of indirect tax rates. The study proves that the 1992 programme is "not an a la carte menu. You can't just pick and choose from it," claimed Mr Delors yesterday.

If that is the broad drift of the report, the details will spark off more controversy, given that – as one EC diplomat pointed out – economists are still arguing today about the economic impact of the EC's creation 31 years ago. The full 6,000 page version of the study is due out in a month. Mr Paolo Cecchini, the Commission official who led the exercise, yesterday emphasised that it aims to show the potential impact of achieving a single EC market and not to provide an economic forecast.

HOW EC STANDS TO GAIN FROM INTERNAL MARKET	Ecu bn	% of GDP
Removal of barriers affecting trade	8-9	0.2-0.3
Removal of barriers affecting overall production	57-71	2-2.4
Gains from removing barriers (sub-total)	65-80	2.2-2.7
Exploiting economies of scale more fully	61	2.1
Gains from intensified competition reducing business inefficiencies and monopoly profits	46	1.6
Gains from market integration (sub-total)	62-107	2.1-3.7
Total gains at 1988 prices	170-250	4¼-6½

Source: European Commission

The study reckons that the combined impact of border formalities, technical regulations and other administrative hurdles add 3.5 per cent to the net cost of industrial production. Their removal could be worth up to Ecu80bn to the companies involved. Then, there are indirect benefits, like the removal of restrictive public procurement practices, economies of scale – worth 2 per cent of GDP, says the report – the improvements in efficiency that could come from improved competition and lower consumer prices from the dismantling of monopolies. Indirect gains could total as much as Ecu107bn, claims the study.

The broader macroeconomic gains will be a downward pressure on prices and costs followed by an increase in output and employment, estimates the study. The extent to which this happens depends crucially on governments' ability to produce a "well co-ordinated, growth orientated macroeconomic policy" and also work together to stabilise exchange rates in the European Monetary System.

It warns, for instance, that proposals – already partly agreed by member states – for liberalising the movement of capital and allowing financial services providers to practice freely across the EC, increase the risk of exchange rate instability. "This must be countered by increased monetary policy co-operation through a strengthened EMS," the Commission urges, making a plea that is likely to produce groans from a UK Government which remains divided over whether or not to continue outside the EMS.

Another painful internal market side-effect highlighted in the report is the inevitable restructuring to be faced by industries exposed to tougher competition. Here Mr Delors called yesterday on EC governments to "absorb the shocks which will result from breaking down barriers."

The other perennial risk is that less advanced southern member states could miss out on the economic benefits, a problem partly addressed by the increase in regional spending agreed at the EC's last summit in February. However, the Commission warns again that "assistance will be needed for the Community's disadvantaged and declining regions and labour affected by restructuring."

Lisbon sets target for state sell-off

BY DIANA SMITH IN LISBON

APPROVAL BY Portugal's Parliament of a bill allowing conversion of state-run enterprises to publicly-limited companies with majority state capital brings the slow process of reprivatisation closer.

Once the regulations are published in the official gazette, Mr Anibal Cavaco Silva's Social Democrat Government will begin turning selected enterprises into companies where the state holds 51 per cent. The remaining 49 per cent will be offered for sale.

Partial reprivatisation is a stopgap until revision of the 1976 constitution which bars denationalisation of the public sector created in the 1975 left-wing revolution, when 53 per cent of fixed capital formation fell into the public net.

Former majority shareholders of abruptly-nationalised enterprises are still waiting for proper compensation beyond 28-year bonds, worth less than a tenth of their seized assets, granted in 1980. Many threaten to go to international courts if the Government does not give them a fairer deal before reprivatisation begins in earnest.

Meanwhile, Mr Miguel Cadilhe, the Finance Minister, has announced a seven-month reprivatisation timetable, viewed sceptically by market operators because of the extreme slowness of local bureaucrats. He says that a month after rules of conversion of public enterprises to PLCs are published, a commission will be set up to supervise public offers or capital increases and the first company to be reprivatised will be named.

A month later, a tender will go out for auditors for the candidate for reprivatisation. A month after that, the chosen auditors will be hired.

In succeeding months the reprivatisation candidate will present detailed proposals for the Government to approve or reject; the public offer or capital increase will take place; and the Government will decide either to put the proceeds into early repayment of the public debt or into strengthening weaker public enterprises.

● The moderate UGT trade union confederation in Portugal, which promoted Monday's strongly-supported general strike in protest at proposed government labour reform, has offered a small olive branch.

Its general secretary, Mr Jose Torres Couto, yesterday said he hoped the Government would now sit down with the unions in the National Bargaining Council and discuss changes in labour laws which, he said, were genuine EC-style changes.

About 1.5m workers struck on Monday to protest against government proposals which they fear could leave them jobless and at the mercy of a social security system which makes meagre provisions for unemployment.

Mr Anibal Cavaco Silva, the Prime Minister, says the proposals – which make it less hard to dismiss workers, but provide safeguards against arbitrary sacking – have been watered down enough and no more changes will be made. However, he said after Monday's strike that if suitable proposals for alteration were offered in Parliament when the labour laws were debated there, changes might be possible.

● Inflation rose sharply in February by 1.4 per cent against 0.3 per cent in January; the year-on-year rate went up to 9.9 per cent against 9.4 per cent in December.

Athens aims for Aegean stand-down

By Andriana Ierodiaconou in Athens

A HALT in all military air and naval activity in the Aegean until an agreement can be reached on rules of conduct is to be sought by Athens in the first round of Greek-Turkish talks on bilateral problems, which start in Athens today.

The talks are the product of an agreement to settle differences peacefully struck by the prime ministers of Greece and Turkey in two recent successive summit meetings, the first in Davos at the end of January and the second in Brussels in early March.

This week's talks, expected to last two to three days, will be devoted to the thorny issue of military exercises in Aegean international airspace and international waters.

One of the main sources of friction in Greek-Turkish relations since the 1974 Cyprus crisis, which brought the two countries close to war, has been the entry of Turkish aircraft into Greece's 10-mile air zone in the course of exercises or in isolated formations.

The Turkish position is that a 10-mile air zone limit is incompatible with Greece's present six-mile territorial water limits. Ankara also questions the extension of Greek air control responsibility over the Aegean to close to the Turkish coast.

The Greek position is that Turkey recognised the 10-mile air boundary up until 1974, that in any case Athens has the right under international law to extend its territorial waters to 12 miles, and that air control responsibility is defined by international arrangements to which Turkey is a signatory.

East bloc still hopes for N-pact at summit

BY JUDY DEMPSEY IN VIENNA

THE FOREIGN ministers of the Warsaw Pact, who yesterday began a two-day meeting in Sofia, are cautiously optimistic that a treaty will be ready to sign when Mr Mikhail Gorbachev and President Ronald Reagan meet in Moscow in May and early June.

Mr Eduard Shevardnadze, the Soviet Foreign Minister, told reporters in the Bulgarian capital that there was still a chance that a treaty to halve the number of long-range nuclear missiles could be prepared in time for the summit.

The summit is due to be discussed among the seven Warsaw Pact foreign ministers, and Mr Shevardnadze is also expected to brief them on the recent talks with Mr George Shultz, the US Secretary of State.

Unexpectedly, the nationalities question is supposed to be on the agenda, although not all the ministers have agreed to this.

Mr Gyula Horn, the Hungarian Deputy Foreign Minister, said last week that his country's delegation would be raising the subject in the light of deteriorating relations with Romania over the continuing forced assimilation of the 1.6m-strong Hungarian minority living there.

"The Hungarians reckon that the problems in Armenia now provide them with an opportunity to raise broader aspects of this very sensitive issue," a Western diplomat in Sofia said.

Budapest faces a potentially explosive situation. In recent months, more than 10,000 Romanians, many of them ethnic Hungarians, have sought asylum in Hungary because of the continuing clampdown by the Romanian authorities on ethnic and cultural rights.

Hungary is unlikely to find much support in Sofia. The Bulgarians, for instance, have their own minority problems with neighbouring Turkey over allegations that they forcibly assimilated the Turkish minority during the early 1980s.

Officials in Sofia say the Soviet Union is reluctant to discuss the issue at this meeting, particularly since it could serve to highlight the divisions within the Warsaw Pact on how best to cope with minority rights.

German building workers win cut in hours

BY DAVID GOODHART IN BONN

ANOTHER large group of West German workers has negotiated a working week of less than 40 hours, reducing those who are not already working it, or looking forward to it in the near future, to a little over one-third of the workforce.

The latest group to win the reduction are the 1m building workers who will not, however, start their 39-hour week until January 1990. Meanwhile, their pay will rise by 3.6 per cent this year, 3.3 per cent in 1989, and 2.6 per cent in 1990.

Although the unions' push for shorter working time – spearheaded by IG Metall – has been remarkably successful, and has recently met less resistance from Government and employers, there is increasing anxiety inside the union movement that the emphasis has not been echoed elsewhere in Europe.

One official said yesterday that West German unions were worried that mere open markets within Europe after 1992 could mean a large outflow of jobs because workers elsewhere in Europe had been less successful in reducing working time.

From the end of this week, 1.5m members of IG Metall will start working a 37.5-hour week, following the agreement reached this time last year and which next year will cut working time to 37 hours.

Industrial price freeze in Poland

By Christopher Bobinski in Warsaw

POLAND is to freeze industrial prices in an attempt to slow inflation, but Mr Jerzy Urban, the government spokesman, denied yesterday that a general curb on consumer prices and incomes was planned.

The move comes amid official concern that last month's food and other price rises, which have already pushed up wages, could unleash an uncontrollable inflationary spiral.

The Government has yet to publish figures for the growth in prices in February but economists estimate that nominal wages growth is running ahead of the price indicator.

As managements sought last month to avoid industrial unrest resulting from the price rises, they paid out not only higher wages but also bonus payments. The average pay packet swelled by 54 per cent compared to the previous month.

Savings in February savings as a result climbed to Zl 237bn ($324m) compared to Zl 83bn in January.

Industrial prices, which are now to be frozen, rose by 21.5 per cent last month compared with January, and by 48.9 per cent over February last year.

● A mere 20 out of the 3,300 central government officials who lost their jobs as a result of a reorganisation last autumn went into private business: 1,200 went into state industry, 600 retired and another 500 are still looking for jobs, Mr Urban said yesterday.

Canals and skiers take W German flood blame

BY DAVID GOODHART IN BONN

THE IDEA of the mighty, life-giving, Rhine overflowing its banks and engulfing all around it is a recurring theme in German mythology – but it's not meant actually to happen.

Or rather its not meant to happen so often. For bad though the current flooding of the Rhine has been it is – at least so far – no worse than the flood of 1983 which partly submerged the centre of Cologne. This time round the water level has crept higher *but has not yet beaten the even* higher flood barriers.

The south of Germany, where the Danube has broken its banks, has not been so lucky. But how can a country famed for its structural engineering skills appear so helpless in the face of floods? After weeks of heavy rain they have scarcely come as a surprise.

The answer, according to the Frankfurter Allgemeine and various Green politicians, is a perfect ecological parable. The encasement in concrete or "canalisation" of large stretches of the banks of the Danube, over the past few years, has prevented the river unloading its swollen load in the natural way, through its banks. That has made the flooding less widespread but more intense in the less well protected down-river zones.

It is rather difficult to undo the damage that this encasement has supposedly caused, because the new built up areas around the river are now being kept dry by these concrete banks.

Another favourite human scapegoat for the flooding is the skier. The enormous expansion of the skiing industry over the past 20 years has allegedly caused millions of alpine trees to be cleared away, and the erosion of top soil by skiers has made it difficult to plant fresh ones. Trees used to suck up much of the water which now just pours down the mountains into the rivers.

One Bonn official, who was brought up in Cologne in the 1950s, was sceptical of these new theories. He recalled quite serious flooding every few years as a child.

Nonetheless, he was also at a loss to explain why so little has been done about it. Perhaps if the water laps up the steps of the Bundestag – the West German parliament currently sitting in a disused water works on the edge of the Rhine in Bonn – something more will be done.

Soviet industrial showcase awaits age of perestroika

BY LESLIE COLITT IN MOSCOW

AT THE Soviet Union's industrial and agricultural showcase, the vast Exhibition of Economic Achievements in Moscow, glasnost (openness) and the economic reforms of Mr Mikhail Gorbachev are conspicuous by their absence.

The exhibition grounds, built under the late Josef Stalin, are visited by 11.5m Soviet citizens a year. A tour recently, however, revealed virtually none of the critical spirit of perestroika, which is to transform the ailing Soviet economy.

Inside the Electricity Ministry's large pavilion, a model of a graphite-cooled nuclear power station in Smolesnsk – of the Chernobyl type, a technician cheerfully explained – vied with a model of the world's largest lignite-powered electricity plant at Ekibasta for visitors' attention. Ekibasta was recently attacked by a Soviet scientist for inflicting "great material damage" in its first five years of operation.

The slogans plastered on the walls of the pavilion, however, proclaimed ambitious goals in electric power output for the year 2000, and spoke only of having fulfilled last year's targets.

A few days before, a Soviet power engineer, Mr Ygor Reshetnikov, wrote that chronic secrecy in the energy sector had led to "gross mistakes" by specialists. Over the next 10 years, he predicted, two-thirds of the nation's power stations would have to be dismantled as obsolescent.

Writing in the reform-minded newspaper, Moscow News, Mr Reshetnikov said a new Soviet energy programme to the year 2010 was being drawn up, amid even "greater secrecy" than before. The interest of Soviet officials in long-term power-production plans, he said, was understandable, as a later generation of officials would have to "answer" for them.

He said greater savings in energy were forecast by Soviet scientists and hinted this could even render superfluous Moscow's top priority nuclear-energy programme.

At the exhibition's agricultural pavilion, the story of unrelenting optimism was much the same. All targets were fulfilled in recent years and would continue to be met. Only last week, however, the Soviet party newspaper, Pravda, said there had been no "breakthrough" in grain production, and that planned targets for the volume of output were not being met.

A special meat pavilion displayed an abundance of meat and meat products in the form of prime cuts of meat and sausages rendered in plastic alongside tinned pates.

Soviet visitors stared at the artificial displays of top-quality products. Normally, they are found only at markets selling privately produced meat at several times the price of poor quality and scarce collective farm meat.

Apart from an exhibition of consumer products made by co-operatives, which Mr Gorbachev wants to expand, his catchword of perestroika was found only once, in a slogan displayed inside the Soviet gas industry pavilion. It proclaimed that under "perestroika conditions" Soviet gas production will be in the "forefront of the world."

French tourist attraction looks to mud-free future

BY GEORGE GRAHAM IN PARIS

PILGRIMS to Mont St Michel, the fairy-tale abbey off the coast of Normandy in north west France, will soon be able to get their feet wet again.

Centuries of energetic silting had threatened to turn the picturesque water-lapped islet, which has been a place of pilgrimage since 706 AD when the Archangel Michael instructed St Aubert to build a chapel there, into a lonely beauty spot adrift in an ocean of mud.

Ministries and local councils have now buried their differences and settled on a FFr250m ($44m) rescue plan designed to bring the tide back to Mont St Michel's bay.

Mr Pierre Mehaignerie, minister for public works, has agreed to provide 90 per cent of the money for the project.

It will create a dam at the mouth of the river Couesnon, which will allow nearly 1m cubic metres of sea-water to be collected at each high tide and then released at the ebb, scouring the bay and washing the silt out to sea.

The sea used to do this all by itself, but the construction of a causeway out to the Benedictine abbey in 1879, followed 90 years later by the turning into a canal of the nearby river Couesnon, upset the natural equilibrium of the region.

At the same time, local farmers stopped using the silt as fertiliser.

In the space of 30 years, the area of salt marsh in the bay had more than doubled. In another three years, it is estimated, only seven tides in every 100 would reach as far as Mont St Michel itself, where the 13th century cloister is one of the most visited tourist attractions in France outside Paris.

A first step was undertaken in 1983 with the demolition of the Roche Torin dyke, to the east of Mont St Michel, which improved then scouring effect of the rivers See and Selune.

The Couesnon project, however, had run into problems over fears of flooding upstream in the town of Pontorson.

The new plan will involve the construction of a protective barrage in front of the town and of an additional safety channel running alongside the river.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E.Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societaets-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 44 East 60th Street, New York, NY 10022.

Israel jeopardises rule of law in its repression of Arab uprising

Andrew Whitley reports from Jerusalem on how Palestinian militants are dealt with

IF THE first casualty of war is truth, the second – especially in the case of a civil uprising such as that in the Israeli-occupied territories – is the rule of law.

Over the past 10 days, at least a thousand Palestinians have been arrested by the Israeli security forces. Most were taken from their homes in the middle of the night, beaten, and transported blindfold to makeshift detention centres in army bases and requisitioned Arab schools.

With the 650,000 residents of the Gaza Strip incommunicado yesterday, following the cutting of telephone links to Israel and a blanket daytime curfew, there were fears among Palestinians that the army would take the opportunity to launch a fresh series of raids on homes.

About 300 of those snared in the current roundup have been served with "administrative detention" orders, committing them to six months imprisonment without trial. Among them was Mr Raji Sourani, 33-year-old Gazan lawyer, who previously served nine months in jail without trial two years ago, on suspicion of being a member of the Popular Front for the Liberation of Palestine.

On Tuesday of last week, Mr Yitzhak Rabin, the Defence Minister, told a parliamentary committee that 700 "inciters and organisers of riots" had been arrested over the previous week in the West Bank alone. How many had been picked up in the Gaza Strip was not disclosed. All told, he said, some 3,000 Palestinians were in detention at the time – a figure Israeli human rights activists believe to be, by now, a gross underestimate.

Carrying out unprecedentedly large sweeps, the army's goals are clear: to take out of circulation for prolonged periods as many potential ringleaders of protests as can be identified. The policy is seen as a more desirable alternative to deportations.

In theory, detainees can only be held for 18 days before being brought before a military court, during which period they are denied access to lawyers and relatives. In practice the limit is meaningless as the remand can be extended several times.

Most Palestinian prisoners spend several months in jail before their case is heard. When they do appear before the court, Palestinian lawyers, such as Mr Jonathan Kuttab, a US citizen who helps run a civil rights organisation in Ramallah called Law in the Service of Man, are unanimous that the outcome is near farcical.

In one trial in Nablus last January, a 16-year-old boy accused of throwing stones was persuaded by the judge to plead guilty on his third appearance before the court, even though the prosecution had been unable – twice – to provide witnesses, and the boy had declared his innocence.

Undeterred, the army is confident its new tactics are working. "We're picking up all the plums," boasted an Israeli friend, a reserve officer back from his stint of duty in the West Bank.

Among these "real hardliners" was the 14-year-old son of a Palestinian friend, in Bethlehem. Towfiq, a religious boy whose family has always been careful to shield him from peer-group pressures to get involved in confrontations with the army, was arrested and beaten up after attending a Palm Sunday church service in Bethlehem.

But the result of this all-out blitz is that Israel's rough-and-ready system of military justice, open to considerable question in normal times, appears to be coming under great strain. So many Palestinians have been arrested in recent weeks that hundreds have been sent to Israeli jails, a contravention of the Geneva Conventions governing occupied territories.

Obtaining precise information on those being held by the army is almost impossible. A military spokeswoman said last week she was unable to provide any details on detentions or prison facilities.

But the unrest has become so widespread and generalised that in many West Bank villages almost every teenager is in practice a suspect. Among those known to have been held are children as young as 12.

The few who have been released say that after arrest they are routinely subject to sensory deprivation and other abuse in order to force confessions.

Out of 760 unrest-related cases concluded as of March 2, fewer than 20 defendants were acquitted; a remarkably low "failure rate" which Brig Gen Amnon Straschnow, the military Advocate General, attributed to the "good evidence" accumulated by the prosecution.

Gen Straschnow said the average jail sentence for stone throwing was three to six months although one defendant received 14 months. The throwing of home-made molotov cocktails is treated more severely. Even though no injuries had resulted from his action, one young Palestinian was sentenced to a four-year term on this charge.

A government-appointed inquiry into the interrogation methods of the Shin Bet, the domestic secret police, last year authorised the use of "a reasonable amount of force".

"The blows. The humiliation. I saw them when they got to me: wet, covered with mud and bruises, with their hands bound and their eyes blindfolded. I saw the marks left by blows on their hands, their legs, their backs and sometimes on their heads. The soldiers have learnt to mete out blows that leave marks and considerable pain, but which do not do damage," said the doctor, who had just completed his compulsory reserve duty at "Ansar 2", a notorious prison camp in the centre of Gaza City.

Malaysian economic recovery 'under way'

By Wong Sulong in Kuala Lumpur

BANK NEGARA, Malaysia's increasingly powerful central bank, said yesterday that the country's economy, which has suffered a recession in recent years, was experiencing a broad-based recovery, with gross domestic product growing by 4.7 per cent last year and a 5 per cent growth expected for 1988 and 1989.

In its annual report the bank said "the fundamentals are in place" for sustained economic growth. It said the Government's biggest problem was to stimulate local private investments. It said foreign investors had seen the Malaysian recovery, and were starting to invest strongly, particularly businessmen from Japan, Taiwan and South Korea.

Malaysian businessmen, however, are still hesitant. Local investment in new fixed capital last year was Ringgit 779m (£164m), or 42 per cent lower than in 1986. Local investors are mainly Chinese, and a lot has to do with their perception of political uncertainties and bureaucratic obstacles that lie in their path.

The bank said that getting local investors to invest required political courage on the part of the Government. It would have to keep public expenditure in check so that government activities did not drive out private enterprise, while a tax system might have to be devised to reward risk-taking and private initiative.

The bank said growth for the Malaysian economy this year was expected to be export-led. Exports are expected to remain buoyant, barring a world recession, although commodity prices are likely to soften a little.

The manufacturing sector is expected to contribute 23.5 per cent to GDP, replacing agriculture as the biggest component in the economy.

Last year, exports rose strongly by 25 per cent to Ringgit 44.5bn, while imports rose by 12.5 per cent to Ringgit 29.8bn. The country had a record current account balance of payments surplus of Ringgit 5.88bn.

Angola spurns talks with rebels

THE ANGOLAN Government has hotly denied suggestions that it is prepared to make a radical change of policy and negotiate with Dr Jonas Savimbi, the leader of the Angolan rebel movement Unita, for an end to the country's 13-year-old civil war, Victor Mallet reports from Lusaka.

Controversy arose in Lusaka, the Zambian capital, this week when Dr Boutros Boutros Ghali, the visiting Egyptian Minister of State for Foreign Affairs, was reported to have said that Dr Savimbi and President Jose Eduardo dos Santos of Angola had both told him they were prepared to talk to each other in the absence of foreign intervention.

Egypt's embassy promptly denied that he had said any such thing, although the statement deepened the confusion by adding that his words had been misinterpreted.

Philippine rebels held

The Philippine military yesterday captured at least two top officials from the banned Communist Party in the second arrest of leading guerrillas this year, Richard Gourlay reports from Manila. The arrests will further raise the stock of retired Gen Fidel Ramos, Defence Secretary since January. The two officials – Mr Rafael Baylosis and Mr Benjamin De Vera – are both on the executive committee of the Communist Party.

Japanese output up

Japan's continued economic expansion was underlined in industrial production figures for February, Carla Rapoport reports from Tokyo. Seasonally adjusted, production increased by 2.3 per cent in February compared to January and 12.5 per cent over the same period in 1987. The advance was due to continued growth in automobile production, auto components and capital plant goods such as press dies and rolling mills.

Panchen Lama: warning against excesses

Warning over Tibet clampdown

By Robert Thomson in Peking

THE Panchen Lama, a Tibetan spiritual leader, highlighted the division in the Chinese leadership over Tibet policy by condemning senior officials who advocate a clampdown in the region following a series of pro-independence protests.

During a discussion yesterday with Tibetan delegates to the National People's Congress, the Chinese parliament, the Panchen said that Communist Party officials who want to tighten control over religion and close monasteries are "totally wrong".

The Panchen, second in spiritual rank to the exiled Dalai Lama, is an ambiguous figure, having supported Comunist Party policy in the region, yet occasionally condemning Chinese officials for their limited understanding of Tibetan culture. He warned yesterday that officials must not repeat the "leftist" excesses of the past, which was a reference to the destruction of temples and imprisonment of monks during the during the Cultural Revolution (1966-1976).

However, he also made clear that the Chinese Government would not tolerate foreign criticism of Tibetan policy by saying that the matter was a "family affair". After the debate he told foreign journalists that four people had been killed on March 5 during the last pro-independence protest: a police officer, a monk and two civilians. Until yesterday the Government had only confirmed the police officer's death.

He showed his allegiance to the party line by condemning a "handful of separatists" for orchestrating the protests, and he said that "we are all Chinese, and all nationalities in China are equal and should unite as one in building a strong motherland". But he also admitted that "some problems do exist in our nationalities work".

● Yang Shangkun, a senior Chinese military officer and vice chairman of the Central Military Commission, yesterday foreshadowed a major overhaul of the People's Liberation Army, which has already been reduced from 4m to 3m members.

Yang, who is expected to be named president in coming days, said that a "more comprehensive plan" must be adopted in the modernisation of the military, but he did not reveal details of the new reforms.

Senior officers of the PLA, which has had a declining political role in recent years, are known to feel that the Government has neglected the military in its quest for economic development.

Israelis jailed for burying Arabs

TWO Israeli soldiers received jail sentences of four months and five months yesterday for burying alive four Palestinians with a bulldozer in an occupied West Bank village, an army spokesman said, Reuter reports from Tel Aviv.

A military court in Jaffa said the incident in Kafr Salem near Nablus last month "had dishonoured the army and portrayed the state of Israel in a negative light," the Israeli news agency Itim reported.

The four Palestinians were forced to lie on the ground and troops ordered that a bulldozer cover them with earth. Villagers later dug out the men, two of whom were unconscious.

The court jailed Pte Yair Nissimi for five months with seven months probation and Pte Dror Sgan-Cohen for four months with six months probation, the army spokesman said. Their sentences begin on April 5.

The court rejected a prosecution offer to halve these sentences in return for the soldiers' admission of guilt.

"Even in difficult situations it is important to retain one's humanity," Israel radio quoted the court as saying. "They carried out an illegal order. A soldier must be able to differentiate."

A third soldier, Sgt Charlie Danino, who pleaded not guilty, still faces trial.

Chun's brother denies charges

THE brother of former South Korean President Chun Doo-hwan yesterday denied charges that he had stolen millions of dollars in official funds, but prosecutors said they had strong evidence incriminating him, AP writes from Seoul.

One of Mr Chun Kyung-hwan's close associates tried to kill himself while being questioned and arrest warrants were issued for five people for alleged involvement in the scandal.

"He keeps denying all charges, passing the buck to his subordinates, but it would not work. We have enough evidence," Mr Lee Chong-chan, a prosecutor, said.

After 12 hours of questioning, prosecutors gave no indication of whether the younger Chun would be put under arrest. But officials said on Monday it was unlikely he would be released.

Initial findings showed the younger Chun, 46, and other officials had embezzled up to $14m in funds from the Saemaul (New Community) development movement, which he headed for seven years, the prosecutors said. They said he is suspected of using the money for various personal projects, land speculation and stock purchases. He could face more than five years in prison.

Prosecutors summoned the younger Chun yesterday morning for questioning about allegations that he had abused power to exact cash donations from businessmen and have the Government divert funds for Saemaul.

Kabul offers to accept rebel demand for coalition

AFGHAN President Najibullah yesterday offered to implement rebel proposals for a coalition government if the Moslem guerrillas ended their war against the Soviet-backed regime, Reuter reports from Islamabad. "We can implement your proposal for a coalition government," he said in a broadcast on Kabul Radio, monitored in Islamabad.

Demands for a coalition government have been a sticking point at the Geneva talks between Pakistan and the Kabul Government aimed at withdrawal of Soviet troops from Afghanistan.

It is not clear, however, exactly what President Najibullah means because the guerrillas have been explicit in demanding exclusion of the Communists in control of the Kabul regime from any future interim coalition.

In his broadcast, President Najibullah said the Government had devised constructive proposals and was "ready to go further for peace." He urged the Western-backed guerrillas to contest the elections he had called for a two-chamber parliament from April 5 to 14. He appealed to the rebels not to lose what he called a historical chance.

US economic indicators rise 0.9% in February

BY ANTHONY HARRIS IN WASHINGTON

US index of leading indicators rose by 0.9 per cent in February, the Commerce department announced yesterday. Current reports suggest the recovery in the economy, and especially in consumer demand, is being carried further in March. However, the fall in the index in January, previously put at 0.6 per cent, was revised upwards to 1.1 per cent, on information that there was no growth in commercial credit during the month.

The rise in December was revised upwards to 0.4 per cent, bringing the total change over the last three months to 0.2 per cent. The strongest bullish factor in February was the recovery in new building permits. A fall in unemployment claims, the rise in stock market values, sustained money growth and new orders for manufactures also contributed to the rise.

However, slowing deliveries, a fall in the average hours worked weekly, and in constant-price contracts for plant and equipment all suggested a weaker economy.

There are some signs that the buoyancy of the economy has improved in the current month. *The latest measure of consumer* confidence from the University of Michigan shows a full recovery to the level ruling just before the stock market crash of October 1987. This index has been recovering steadily over the last three months, but has so far been reflected only in strong car sales.

Currently, however, retail stores are reporting a recovery from the disappointing level of Feburary sales, and there are also indication that the recovery in private housebuilding is accelerating. This is concentrated entirely in single-family homes the market in apartments and condominiums is likely to remain depressed for some time yet, as demand catches up with the very heavy building programme stimulated by the personal tax incentives available under the 1981 tax reform, but withdrawn in the 1986 reform.

The bond markets, which have recently been showing some signs of alarm at the vigour of the economic recovery, are likely to suspend judgment until the publication of the employment figures at the end of this week. The rise in employment reported last month created some shock, and unless the new figures show that it was a statistical aberration, the market fears of overheating in the US economy will be reinforced.

Garcia backs down on bank takeover

By Barbara Durr in Lima

AFTER five long months of bickering over the nationalisation of Peru's largest private bank, the Banco de Credito, the Peruvian Government finally decided the issue of the bank's ownership. It will now recognise the sale of 51 per cent of the bank's shares to its workers and consider the bank "self-managed" by its employees.

President Alan Garcia announced his intention last July to nationalise ten banks, six finance companies and 17 insurance companies. The move provoked a storm of criticism.

After a long debate in Congress, the law was promulgated in October. But the only institutions seized by the Government were Peru's two largest private banks, the Credito and the Banco Wiese. These were taken over force, with riot police using a small tank and tear gas.

The situation of the Credito was complicated for the Government by the purchase by its employees of 50.25 per cent of its shares to fend off the nationalisation. Since then, the Government has attempted to thwart the sale legally, but President Garcia has now decided to acknowledge the employees' purchase.

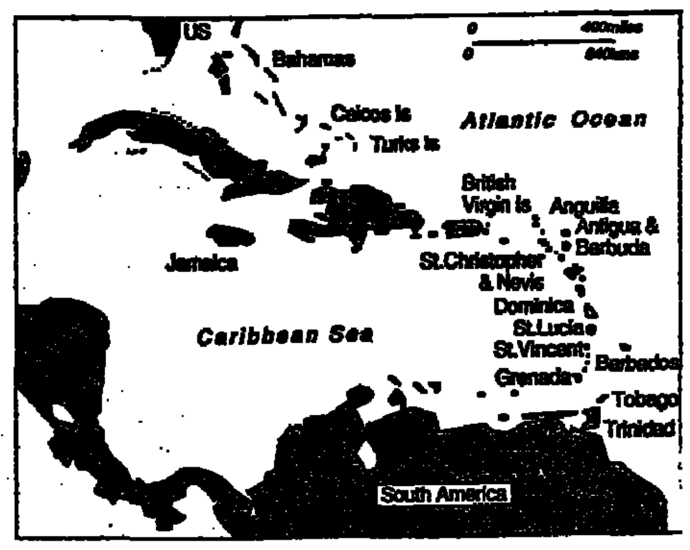
The only bank taken over to date by the state is the Wiese, which is challenging the move through the courts. Earlier this week, however, the Minister of Economy and Finance, Mr Gustavo Saberbein, promised to proceed with the nationalisation law.

The ministry has deposited cheques that are reported to cover the remaining shares in the Credito and the Wiese available for nationalisation. Only shares owned by larger shareholders above the law's limit of 40 tax units per person can be expropriated. This would give the state approximately 30 per cent of the Credito and a majority share of the Wiese.

It remains unclear if or how Mr Garcia will move on the remaining banks and other financial institutions.

Modest Caribbean growth forecast

BY CANUTE JAMES IN KINGSTON



COUNTRIES in the English-speaking Caribbean will achieve modest economic growth this year after growing on average by 3.8 per cent last year, according a review of regional economies by the Caribbean Development Bank.

The bank, based in Barbados, said last year's growth was the result of expansion of tourism, agriculture and construction. It said this would have been higher but for reductions in sugar import quotas by the US.

The CDB finances development projects in 17 English-speaking states, and is supported mainly by the US, UK, Canada, France and multilateral financial institutions.

The highest growth rate last year was 8.7 per cent recorded by Antigua, while Trinidad and Tobago's economy contracted by 2.3 per cent. Other economies achieved rates of about 5 per cent.

The CDB forecast that exports from the region would be hit by higher rates of inflation and slower growth worldwide. It suggested that the region's debt obligations would force a cut in imports, while efforts would be made to hold on to markets and to find new ones.

The growth in the region's economies was fuelled mainly by expansion of tourism, which grew last year by 10 per cent in terms of volume of visitors, and by expansion in agriculture and construction.

Sugar production declined by 13 per cent to 656,000 tonnes due to poor weather, increased production costs relative to returns, the effects of the cut in US sugar import quotas, and general uncertainty over the region's sugar market prospects, the review noted.

The US government has progressively reduced sugar import quotas, with the latest allocations for this year reflecting a 25 per cent reduction for the Caribbean. Both Jamaica and Guyana, the leading bauxite producers in the group, recorded increases in production, with Jamaica's growing by 12 per cent and Guyana's by 1 per cent.

The bank said, however, that Guyana's production of calcined bauxite increased last year by 7 per cent to reach 526,000 tonnes. Guyana and the People's Republic of China dominate the world market for calcined bauxite.

Petroleum output in Trinidad and Tobago, the leading producer in the group, fell by 6.2 per cent last year, said the CDB. The review said manufacturing experienced a mixed performance, with Trinidad and Tobago's sector expanding by 19 per cent. Inflation rates also varied widely, ranging from 35 per cent in Guyana to 11.4 per cent in Trinidad and Tobago to zero in Grenada.

Panama seeks Latin America aid

By Tim Coone in Panama City

PANAMA'S embattled strongman, General Manuel Antonio Noriega, is seeking political and economic support from other Latin American states for his government.

At an emergency meeting in Caracas, Venezuela, of the Organisation of American States, the Panamanian Foreign and Planning Ministers appealed to 25 Latin American countries for food and economic aid and assistance to begin printing Panama's own currency.

If Panama were to print its own currency, it would signify the most profound economic change in the country's history. Since it was founded in 1903 Panama has used the US dollar.

Gen Noriega appeared to be entrenching his position yesterday with the arrest of over 30 opposition leaders, following attacks on the foreign press and the break-up of an opposition march in Panama City.

Dr Arias Calderon, the leader of the opposition Christian Democrats said: "It is my impression that the government is trying to make any dialogue impossible."

Li to buy Vancouver site

BY DAVID DODWELL IN HONG KONG

LI KA-SHING, one of Hong Kong's wealthiest businessmen, is understood to have been offered Vancouver's 84-hectare Expo site for C$300m ($244m).

Mr Li, who controls the Hong Kong property company Cheung Kong, and Hutchison Whampoa, which has interests ranging from ports and property to telecommunications and oil, is expected to spend a further C$3bn developing the site into a high-density mixture of offices, homes and shops.

The decision is expected to arouse protests in Vancouver, both from environmentalists alarmed at the site being developed into a "mini-Hong Kong," and from increasingly vocal opponents of the growing migration from Hong Kong to Canada's west coast.

Mr Li refused to comment yesterday on reports that he had succeeded in his long-contested bid to develop the site. This is understood to be from fear of provoking more antagonism.

It is unclear when the British Columbia government will confirm a decision understood to have been made last week.

There appears to be no dispute that Mr Li's offer for the site is by far the highest. The highest Canadian offer – from BCE Development Corporation – was barely half as much.

Bogota's legal chief quits

BY SARITA KENDALL IN BOGOTA

COLOMBIA'S Attorney General has resigned following reports that his brother is linked to the Medellin cocaine cartel.

Mr Alfredo Gutierrez became Attorney General after his predecessor was murdered by drug traffickers in January. Immediately after his appointment, he made controversial suggestions about negotiating with drug gangs and legalising cocaine.

Four weeks ago, an aircraft stolen from a Bogota military air base landed on a clandestine air strip after the Colombian Air Force gave chase.

The strip was just outside the boundary of a ranch belonging to Pablo Escobar, reputed chief of the cocaine cartel.

The land had been bought from Escobar's associates by Libardo Gutierrez, the Attorney General's brother, and registered only eight days earlier. In his letter of resignation, Alfredo Gutierrez said he deplored his brother's conduct.

World Bank finance arm adopts new role

BY ANTHONY HARRIS IN WASHINGTON

THE INTERNATIONAL Finance Corporation (IFC), the enterprise financing arm of the World Bank group, yesterday presented itself to the world in something of a new role: as a provider of information and underwriting services to commercial banks and investment managers.

It hopes to attract the more adventurous pension funds to what it describes as some of the world's most dynamic stock markets and so assist the process of converting some of the existing burden of developing country debt into committed equity investment. It claims that its activities have so far attracted more than $2bn into these markets and expects to improve on this figure dramatically.

The IFC identified what it saw as an important information gap in the financial markets some time ago and has been developing its emerging markets database in cooperation with six existing commercial clients.

It is now able to supply consistent stock market indices for 19 developing country stock markets, ranging from Taiwan (the biggest of the group on current valuation at $48.6bn) to Zimbabwe, with a total market capitalisation of $700m. These indices show that over the last decade seven of these markets, spectacularly led by Chile (up more than thirty times) and Thailand (up more than twenty times), have far out-performed the major developed country markets.

Much of the research, however, is designed to help investors single out companies in these markets. This has involved much work in converting local accounting practices into a standard and familiar form. Figures for depreciation (and thus for cashflow) have proved especially difficult to extract from the data in the form in which they are published.

In addition, the IFC presents data on share trading, giving volume and the number of days on which bargains were recorded for each of the 400-plus companies it lists in these emerging markets.

US Senate to begin debate on bank bill

BY JANET BUSH IN WASHINGTON

THE BILL sponsored by the US Senate Banking Committee which, if passed into law, would subsantially reform the 1933 Glass-Steagall Act separating the powers of banks and securities houses, was due to be debated by the full Senate late yesterday afternoon.

Congressional aides at the committee said it was widely expected that the bill would be passed.

They said that if there was no time for a vote yesterday, there was a good chance the bill would be voted on today.

The bill, sponsored by Senator William Proxmire, chairman of the Senate Banking Committee would allow US banks to underwrite commercial paper, municipal revenue bonds, mortgage-backed securities and securities backed by consumer debt from the day the bill passed into law.

Banks would also be empowered to underwrite corporate debt issues and mutual funds from six months after enactment.

After a tough negotiating session at the committee stage, a compromise was reached on underwriting corporate equities, regarded as possibly the most *profitable business area.*

The bill would require Congress to vote on whether to give banks access to this business in 1991.

In a busy week for the Senate Banking Committee, Senator Proxmire is expected tomorrow to unveil the details of a bill which would set up an inter-agency committee to regulate financial markets.

Hearings are scheduled to start tomorrow morning at which the heads of the three regulators will give their views on the bill.

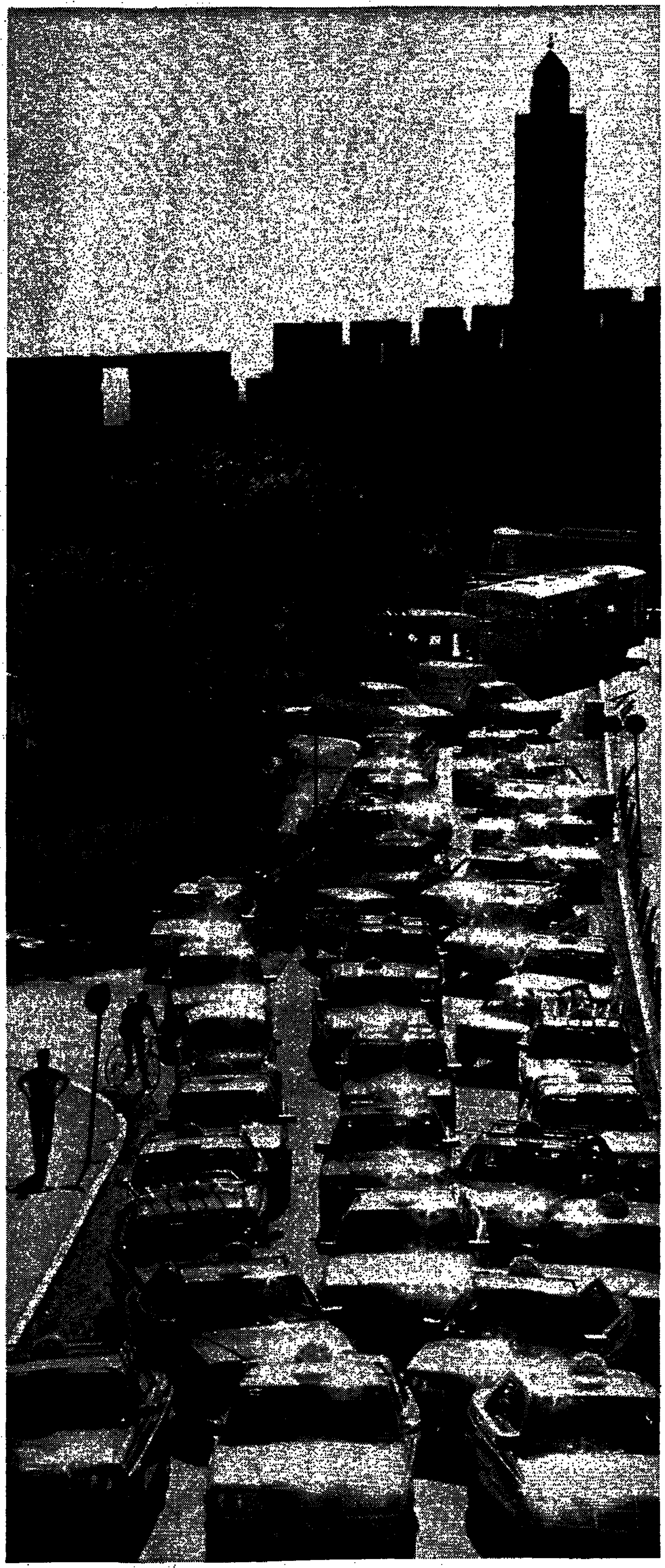
Congresional aides described the scope of the bill as "modest."

However, it is clearly designed to galvanise the various efforts to analyse the October share market collapse and analyses of possible legislation in reponse to the many independent and government reviews of October's events.

AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT

BRUSSELS · CATANIA · COPENHAGEN · EDINBURGH · ESSEN · FRANKFURT · GOTHENBURG · INNSBRUCK · ISTANBUL · JERUSALEM · LISBON · LONDON (BELGRAVIA, HEATHROW, PARK TOWER, SKYLINE)

"I'VE LEFT MY UMBRELLA IN A TAXI."



To be fair, our American guest did give us a clue.

"It's a Mercedes," he told us. No kidding. Just like the other 999 taxis cruising the streets of Jerusalem.

In such circumstances, the majority of staff in the majority of hotels might, understandably, have offered sympathy and very little else.

Fortunately for the owner of the brolly, he was staying at the Sheraton.

And although the odds of finding a needle in a haystack were slightly shorter, this didn't deter our doorman.

To him, the lost umbrella came as a personal challenge.

With the chances of finding it slim by anyone's standards, he was on the case.

Two days later, the taxi was located and the brolly returned to its incredulous owner.

At Sheraton, we have a training programme for all our staff which aims to impress upon them our idea of service.

We've summed it up as 'Little things mean a lot.'

It would appear that the doorman from the Jerusalem Sheraton, for one, has got the message.

For reservations or information on any of 500 hotels worldwide, contact your nearest Sheraton Hotel, Reservations Office, or your travel agent.

Sheraton
The hospitality people of
ITT

LUXEMBOURG · MADEIRA · MUNICH · OSLO · PADUA · PALMA DE MAJORCA · PORTO · ROME · SALZBURG · SOFIA · STOCKHOLM · TEL AVIV · ZURICH · © 1988 THE SHERATON CORPORATION

AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT · AT SHERATON LITTLE THINGS MEAN A LOT

WORLD TRADE NEWS

ADB backs Philippine telephone loan

By Richard Gourlay in Manila

THE Asian Development Bank has approved a $25m (£13.8m) loan to Philippine Long Distance Telephone, the country's dominant telecommunications company, for modernisation and expansion of its exchange and telephone system.

The loan will help finance the first part of what the company hopes will be a $1bn expansion programme over five years to improve the service and meet the growth in demand. The Government has already approved $965m of the programme, for which international equipment suppliers tendered last month.

It is the Manila-based bank's first loan in the Philippines to a private sector company and will carry commercial interest rates. The total cost of the project is $100m, half of which is for development.

Part of the loan will finance a 10,000-line digital telephone exchange in the part of Manila where strains on equipment had cast doubt on whether the ADB would be able to open its new headquarters next year as planned.

PLDT has a virtual monopoly of telephone traffic in the Philippines and is by international standards a highly profitable company.

The country has one of the lowest telephone-to-person ratios in Asia. The Government has designated the sector a priority growth area in order to ensure infrastructure is available for industrial development, but also to reduce the isolation of some rural areas.

US order for BAe Jetstreams

BRITISH Aerospace has won an order from NPA, of Pasco, Washington for six more Jetstream twin turbo-propeller airliners, with an option on up to 24 more aircraft, Michael Donne writes. NPA already operates 10 Jetstreams. The value of the deal has not been disclosed.

NPA flies as United Express, feeding United Air Lines' major hubs at Seattle and Portland in the US Pacific North West.

Robert Thomson describes a flourishing economic relationship with tricky regional political implications

Trade between China and South Korea on the rise

WHEN A CHINESE vice-premier, Mr Tian Jiyun, hinted that direct trade with South Korea would inevitably be approved and that its investors would be welcomed, foreign investment officials in Shandong were delighted. Their province stares across the Yellow Sea at the Korean peninsula, and they believed the money would be flowing their way.

A senior Chinese trade official has confirmed that it is only a "matter of time" before the country formally does business with South Korea, but it is also a matter of politics. While direct trade is flourishing unofficially and the two economies would complement each other, North Korea has a "blood relationship" with China stemming from the Korean war. It would certainly disapprove of a broadening of relations with the south.

Asian diplomats say the issue has provoked debate between China's Ministry of Foreign Economic Relations and Trade (Mofert) and the Ministry of Foreign Affairs. The former is in favour of welcoming the South Koreans and their currency, the won, but the latter is opposed to any open show of friendship, be it through trade or politics.

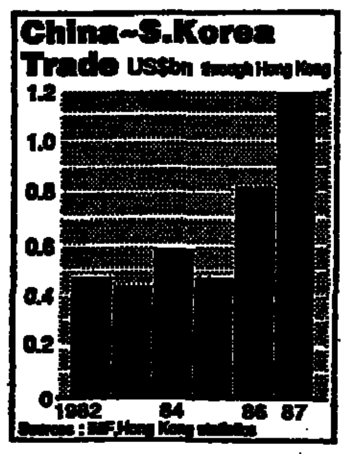
"The foreign affairs ministry has a more conservative attitude," one diplomat said. "Essentially, it is a question of how to treat North Korea. Some of the old party and military leaders are also opposed to improving relations because they have strong memories of the war."

The Seoul Olympics in the autumn could be a turning point, as China is participating despite Pyongyang's opposition. Rumours persist that it plans to open a trade office in Seoul after the games, and will permit South Korea to open a similar office in Peking. Asian diplomats doubt whether this would happen this year, although a west European diplomat said the move is supported by reformists in the leadership who argue that trade policy should be apolitical.

Sino-South Korean trade last year is estimated at between $1.6bn and $2bn, though it could be higher. Trade through Hong Kong was about $1bn last year, up 30 per cent, with textile products accounting for about 45 per cent of China's exports. The same item accounted for about 40 per cent of South Korea's exports, with paper products comprising 10 per cent and aluminium 6 per cent.

Trade is thriving without a formal relationship, thus China is more likely to ease restrictions informally in the short term than to make a major foreign policy announcement that would alienate North Korea, which has traditionally played China and the Soviet Union off against each other, and, in the past two years, has allowed Moscow greater military access to the Korean peninsula.

But signs of the growing South Korean ties are obvious. During a visit last year to the eastern port city of Lianyungang, South Korean ships were seen to be loading coal and salt. And Mr Armand Hammer, the Occidental Petroleum chief, said South Korea would be a prime market for coal from his joint venture mine in Shanxi. Significantly, a train line has been built from the mine to the northern port of Qinhuangdao, which is convenient for South Korean vessels.



Corn dealers in Peking report that a common means of direct trade is for officials from the two countries to arrange for a third country's ship to sail to a Chinese port, and then directly to South Korea. South Korea is an importer of Chinese corn, but problems on China's domestic market prompted a fall in exports last year.

Tokyo is watching South Korea's progress with interest, and it was no coincidence that Mr Tian Jiyun raised the direct trade issue with a Japanese economic delegation, and warned that closer economic relations with both South Korea and Taiwan "is a challenge to Sino-Japanese relations." China has been disappointed by the level of Japanese investment.

Several South Korean companies have plans for joint ventures in China, with the Cheil Sugar Company reportedly negotiating the building of a monosodium glutamate factory in Guangdong, in the south, and at least two other companies considering instant noodle ventures. But it is known that Chinese trade officials turned down an offer last year from a South Korean company for a steel mill venture, *indicating that China was more* interested in low profile projects for the time being.

South Korean vehicle manufacturers have shown interest in joint ventures and an attractive offer could test China's resolve, as the country is courting foreign companies with a view to a large co-production project. The Kia Motor Corporation wants to build plants in China and has also begun clearing ground for a factory at Asan Bay, which faces the Shandong Peninsula, in the hope of exploiting a new export market.

Italtel signs digital switch pact with China

By John Wyles in Rome

ITALTEL, the Italian telecommunications manufacturer, has signed a L30bn (£13m) licensing agreement with the Chinese government allowing the manufacture under licence of its Linea UT *digital switching* systems.

The systems, together with rural telecommunications networks, will be produced at two plants in the province of Hebei, adjacent to the Peking region.

Over a three-year period, Italtel will train local technical staff and supply equipment and tools for production lines. The initial yearly output of the two plants will be 100,000 lines and 1,000 radiotelephone systems.

The agreement also provides for construction of a joint research and development centre whose main task will be to adapt the new equipment to Chinese telecommunications standards.

AP-DJ reports from Peking: The state-owned China National Technical Import and Export Corporation has signed a $94m (£52.2m) agreement with Tecnicas Reunidas of Spain to purchase equipment to manufacture chemical detergent, the official China Daily said yesterday.

According to the newspaper, China will purchase from the Spanish company complete equipment for producing fatty alcohol and will install the equipment in the Fushun detergent chemical plant, currently being built in Liaoning province.

When finished in 1991, the Fushun facility will be China's largest chemical detergent plant, with an annual production capacity of 72,000 tons of alkylbenzene and 50,000 tons of fatty alcohol.

Threat to Sydney tunnel project

BY CHRIS SHERWELL IN SYDNEY

THE controversial project to build a tunnel under Sydney's spectacular harbour is under review, Mr Nick Greiner, premier of the recently-elected New South Wales government, confirmed yesterday.

The move which emerged at the Liberal-National coalition's first Cabinet meeting, poses a clear threat for the tunnel's builders, a consortium linking Kumagai Gumi, the Japanese construction company, and Transfield, a private Sydney group.

Mr Greiner's state government, elected 10 days ago, has already scrapped its predecessor's plans for the world's largest casino, which was to have been part of a hotel project in the vast redevelopment of Darling Harbour near the city centre.

Popular dissatisfaction with the tunnel, the casino and another controversial project, the Sydney monorail, are all thought to have contributed to the defeat of the Labor Party government, which had been in power for 12 years.

The tunnel project, located under the Sydney Harbour Bridge, drew criticism because alternative locations and means of crossing the harbour appeared not to have been given enough consideration.

But complaints were also voiced because the project was not put out to tender. Financing for the tunnel, too, has been the object of derision, since it entailed a five-fold increase in bridge tolls.

Civil works for the tunnel have already begun on the northern side of the harbour. With many contracts already let, cancellation is likely to prove costly.

Lloyds in Madeira venture

BY DIANA SMITH IN LISBON

LLOYDS FUND Management, part of the Lloyds Bank group, has become the first major international financial enterprise to apply for the new offshore banking and free zone of the Portuguese island of Madeira.

The Madeira Develoment Corporation, promoter of the offshore and free zone, hopes for comprehensive banking, industrial and service operations on an island now reliant on tourism, mini-agriculture, wine, and crafts such as embroidery and wickerwork.

Four Portuguese banks – the state-owned Banco Espirito Santo e Comercial de Lisboa and Banco Pinto Sottomayor, the privately-owned Banco Comercial Português (the fastest-expanding new private bank), and Banco Internacional de Funchal, a conversion of the old Funchal savings co-operative into a commercial bank – have applied for offshore licences together with a small Paris-based institution, the Banque Franco-Portugaise.

Their applications are awaiting approval by the Portuguese Finance Ministry, empowered to vet applications from financial institutions.

Brazilian and South African industrialists, meanwhile, are the first applicants (for a food processing factory) in the free zone. Portuguese and Swedish companies are the first to apply for services operations.

Textile, clothing and toy companies have expressed an interest in free zone plants.

Japan team for US farm talks

A Japanese team of agriculture experts, led by Mr Takashi Sato, Agriculture Minister, was due in Washington yesterday for what promises to be one of the fiercest discussions yet on Japan-US trade issues, Reuter reports from Tokyo.

He will hold talks with the US Trade Representative, Mr Clayton Yeutter, and the Agriculture Secretary Mr Richard Lyng today and tomorrow on Japanese restrictions on beef and citrus imports.

Tempers are running high on both sides and the issue has taken on nationalistic undertones.

Washington was infuriated last week by a Japanese video suggesting that imported citrus, foodgrains, or beef could cause birth defects.

Mr Sato has said he will reassert that it is too difficult for Japan to eliminate beef and citrus import quotas. This is because it could damage Japan's farmers too much, he said.

Akzo tries to block Du Pont import bid

BY LAURA RAUN IN AMSTERDAM

AKZO, the Dutch chemicals and fibres group, sought yesterday to stop Du Pont of the US from bringing its Kevlar aramide fibre into the UK and raw materials into Northern Ireland.

The petition, filed in the London High Court, follows a ruling that Du Pont had infringed an Akzo patent for making the super-strong fibre.

The court is to answer the petition on April 12, when it also will rule on a separate Akzo request to have lifted a UK import ban on its aramide fibre, Twaron.

Akzo and Du Pont have been waging a legal battle over aramide fibres for about a decade, with at least 10 lawsuits pending in six countries.

A General Agreement on Tariffs and Trade committee was set up last year to study a US import ban on Akzo's Twaron.

Britain is an important market for aramide fibres, which are used in bullet-proof vests, aircraft, and car tyres.

Britain ranks second, after the US, in the worldwide market, forecast to grow to $1bn (£555m) in coming years.

Akzo wants to stop Du Pont from importing polymers into Northern Ireland for use in making Kevlar at its new plant in Maydown, scheduled to start production soon.

The plant is designed to supply the important UK market as well as western Europe. Akzo also wants a UK import ban on its fibre lifted because it argues that a recent European Court decision renders the ban illegal.

Japan-Irish computer link

BY KIERAN COOKE IN DUBLIN

THE US subsidiary of the Japanese Alps Electric Company is to invest IR£5m in a computer components plant in Cork in the Irish Republic.

Mr Albert Reynolds, the Irish Minister for Industry and Commerce, said the plant would bring 160 jobs to the Cork area, which is fast becoming one of the main centres of the computer industry in the Republic.

Output from the Cork plant will be exported to European markets.

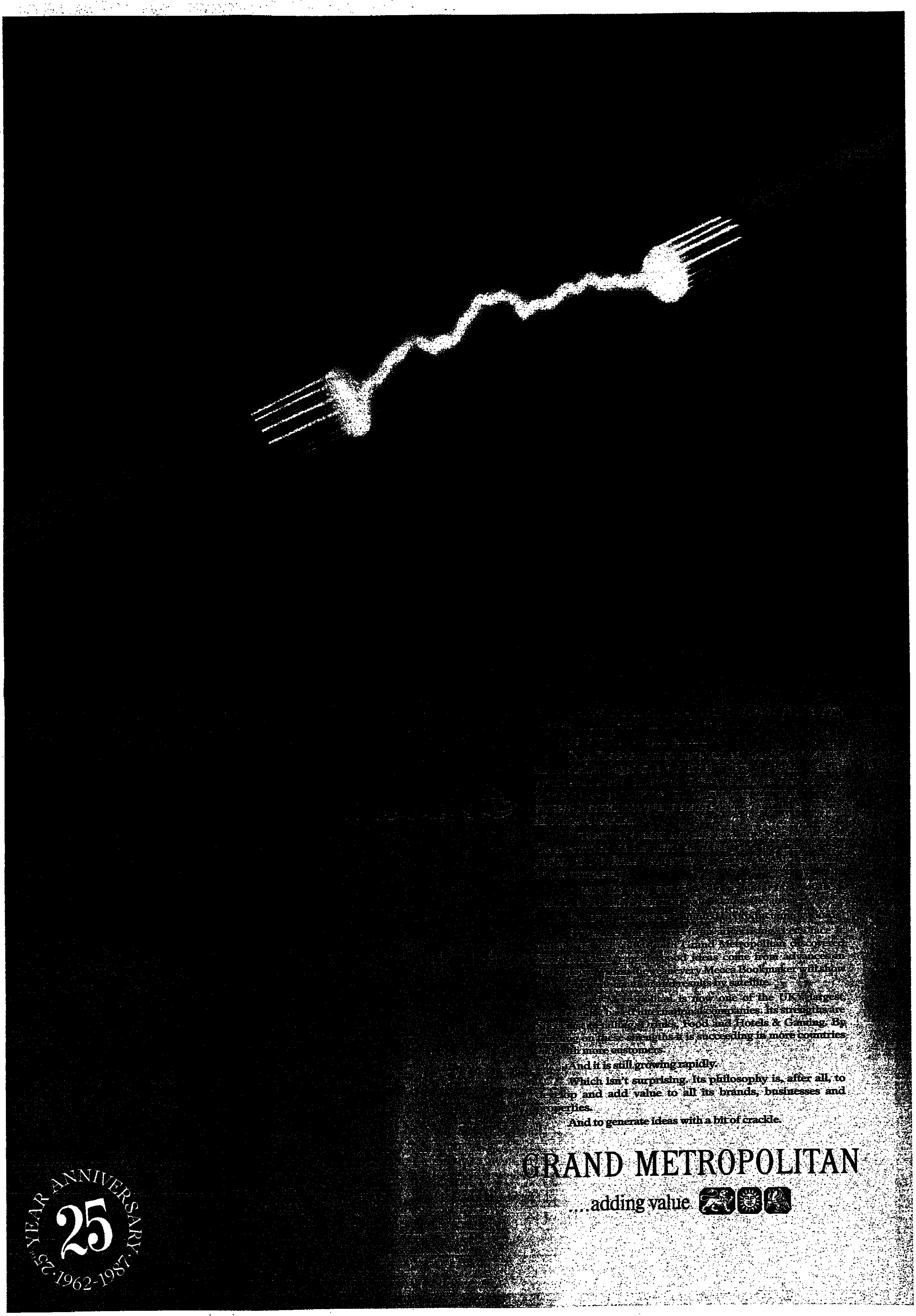
Dainippon in Hoffmann deal

Dainippon Ink and Chemicals has signed an agreement with F. Hoffmann-La Roche to set up a joint venture in Tokyo to make and sell liquid crystal products, Reuter reports from Tokyo.

The venture will be equally owned by Dainippon Ink and Nippon Roche, a 100 per cent subsidiary of F. Hoffmann-La Roche.

هكذا من الأصل

Italtel
digital
switch
with



BAe set to cut further 1,700 jobs by 1990

By Fiona McEwan

BRITISH AEROSPACE is to eliminate another 1,200 jobs by late 1990. This is in addition to the cuts announced over the past three weeks.

The latest section of the group facing reorganisation is the military aircraft division, which has a total workforce of 30,000.

Earlier this month, BAe announced plans to eliminate 1,700 jobs – 15 per cent of the division's total – at its Dynamics Division, the company's guided weapons development and manufacturing arm, by the early 1990s.

It also announced plans last week to cut management jobs in the civil aircraft division. About 400 of the 2,000 management jobs are thought to be at risk.

The cuts are part of a five-year cost-cutting plan announced last year by Sir Raymond Lygo, BAe chief executive, aimed at reducing costs by a third by the early 1990s to stimulate efficiency and competitiveness in world markets.

Yesterday's announcement came on the eve of the company's preliminary results today which are expected to reveal that the company has been hit significantly by the sharp fall in the value of the dollar.

Talks open on Ulster devolution

BY OUR BELFAST CORRESPONDENT

MR TOM KING, the Northern Ireland Secretary, met senior members of the nationalist Social Democratic and Labour Party yesterday for crucial talks on the prospects for devolved government in the province.

After a two-hour meeting, the SDLP delegation led by Mr John Hume, the party leader, emerged to say that the talks had been constructive and it was hoped that there would be another meeting again shortly.

Mr King's invitation was aimed at assessing the party's attitude to a fresh round of talks on the constitutional future of Northern Ireland.

Mr Hume said that it was the first opportunity his party had been offered to discuss in detail its ideas on devolution with Mr King. After the meeting, Mr Hume said: "Dialogue is on as far as we are concerned.

"We have no objections to devolved institutions in Northern Ireland. We are already participating in local government and on area boards," Mr Hume added.

The SDLP leader said the real test of any political initiative in Northern Ireland was whether it would help in breaking down barriers between the Catholic and Protestant communities and whether any such agreement would be stable.

The SDLP delegation included Mr Sheamus Mallon, deputy leader, and South Down MP Mr Eddie McGrady.

Yesterday's discussions follow Mr King's meetings with Mr James Molyneaux, leader of the Official Unionists, and the Rev Ian Paisley, Democratic Unionist Party leader.

Growing optimism that inter-party discussions may be feasible has been fuelled by recent conciliatory remarks by prominent Unionist politicians.

Mr Ken Maginnis, the Official Unionist MP for Fermanagh/South Tyrone, said it was essential that Unionists used the period between now and the review of the Anglo-Irish Agreement in November to come up with an alternative to the accord.

The UK Government's Northern Ireland Office described yesterday's talks as helpful and said that the fact that another meeting is planned is being interpreted as a positive step in the right direction.

One of the main stumbling blocks to progress could be the Unionists' insistance on the suspension of the Anglo-Irish Agreement before any formal inter-party talks take place.

Shell upgrades refinery to cut cost of unleaded fuel

BY STEVEN BUTLER

SHELL UK is spending £60m to upgrade its Stanlow Refinery at Ellesmere Port, Cheshire, to meet the high-quality petrol requirements associated with unleaded fuel.

Construction has begun on the installation of an alkylation plant to produce high-octane gasoline, with completion and commission expected for mid-1989.

The project is aimed at lowering the cost of producing higher quality fuel and follows a number of similar programmes at Britain's other major refineries.

The Government has lowered excise duties on unleaded fuel relative to leaded fuel, and consumption is expected to increase rapidly. After leaving out lead additives, however, basic fuel stock needs considerable upgrading to deliver the same performance.

The latest investment is part of a broader effort to upgrade the Stanlow Refinery, which includes a £190m catalytic cracker now being commissioned, and a £90m gas separation complex due to be commissioned in mid-1989.

Department agrees £62m development for oil field

BY FINANCIAL TIMES REPORTER

THE DEPARTMENT of Energy yesterday approved a £62m development plan for the Don Field in the northern section of the North Sea. The field is operated by Britoil, which was recently taken over by British Petroleum.

The development is to be a subsea satellite that will feed into the Thistle field, 15 kilometres to the south. The field has estimated reserves of 56m barrels of oil, with production due to start in late 1989. The development will be in two phases, with 24m barrels in the first phase. Production is expected to level off at 12,000 barrels a day in 1990.

Britoil has made arrangements to acquire Shell/Esso's interests in the block and is negotiating a similar deal with Conoco. Britoil will have a 55.2 per cent interest in the field after completing the deals. Other large partners in the field will include Deminex UK and Santa Fe Minerals.

Britoil has already awarded £16m worth of contracts for the development, including orders for control systems, pipeline, design and installation.

Phase one of vast docklands project unveiled

BY ANDREW TAYLOR

OLYMPIA & York, the Canadian property and resurces and group owned by the Rechmann family, yesterday unveild plans for the first phase of what it claims will be the world's lagest commercial development at Canary Wharf in London's docklads.

The £3bn to £4bn Canary Wharf development on the Isle of Dogs is proposedto provide more than 12m sq ft oofice and retail space in 22 sepaate buildings. It is due to be completed in 1995.

Phase one of he development will cost aroun £1bn and provide almost 6m sq ft in eight buildings. It ranks as the the biggest single finacial commitment ever made by Olympia & York, Mr Paul Reichamm said in London yesterday.

Mr Reichman, one of three brothers who run Olympia & York, said the group would finance itself the construction of six of the eight Phase One buildings. It would not seek outside finance until it had found tenants for the buildings.

The two remaining Phase One office blocks will be financed by Crédit Suisse First Boston and Morgan Stanley, two US banks previously part of a consortium which proposed the Canary Wharf project, taken over by Olympia & York last July.

Olympia & York is one of the few property companies in the world which could undertake such a massive development on its own. It is the largest developer and owner of office properties in North America. It owns and operates 24m sq ft of real estate in New York, alone. It is currently completing the construction of the landmark 8m sq ft World Financial Centre at Battery Park in New York.

The group remains unperturbed by fears that the collapse in share prices last October will reduce tenant demand for Canary Wharf, which Mr Reichmann says will create London's third business centre competing with City and West End offices.

The focal point of the development will be an 800 ft obelisk-shaped office tower, designed by Cesar Pelli in association with Adamson Associates and Sir Frederick Gibbard Coombs and Partners.

The tower, which will be clad either in warm red granite or satin finish stainless steel, will provide 1.7m sq ft of offices on 50 floors. It will be Europe's largest commercial building and its second tallest. The tower is proposed to be around 50 ft shorter than a tower planned for Frankfurt's trade fair complex by Tishman Speyer Properties of New York.

Most of the architects which produced the designs for phase one of Canary Wharf are from North America – Cesar Pelli, an Argentinian by birth, for example worked, for Olympia & York on the designs for the World Financial Centre in New York. Olympia & York says in future it would hope to use more British architects on the project.

Mr Pelli said yesterday that his office tower would be Britain's first genuine sky-scraper, about 200 ft taller than the Nat West tower in the city.

The North American scale and approach to the design of the office buildings has been combined, say Olympia & York, with a traditional European approach to use of large areas of public space, tree-lined arcades, boulevards, piazzas and fountains.

Sir Roy Strong, the former director of the Victoria & Albert museum advising Olympia & York, said the project would provide the greatest set of public squares and piazzas to be developed in London since the 19th century.

A fountain planned for the centre of the development would be one of the largest fountains commissioned in London. Hanna/Olin landscape architects will provide several thousand mature trees, including limes and hawthorns to line the avenues and open spaces at Canary Wharf.

In Brief

Banks show moderation in pace of lending

A moderation in the pace of bank lending in February was confirmed in figures published by the Bank of England yesterday, writes Ralph Atkins.

Final figures show bank lending to the UK private sector increased by £2.5bn in February, compared with more than £5bn in January. The figures also show the narrow measure of money supply, M0, fell by a seasonally-adjusted 0.1 per cent last month. In the year to the February, M0 grew by 5.3 per cent.

The wider measure M4, which includes deposits with banks and building societies, grew by 0.9 per cent in February and at an annual rate of 16.0 per cent. M3, a broad measure excluding building society deposits, grew by 0.4 per cent in February and by an annual rate of 20.4 per cent.

Heron to sell Pima

Heron International, one of Britain's largest private groups, is negotiating to sell its US savings bank subsidiary, Pima, based in Tucson, Arizona.

Heron said that it has retained Salamon Brothers to advise it on selling the bank. Pima, with a net worth of $113m at 31 March last year, is likely to be worth up to twice this amount, based on other recent sales.

A Heron spokesman denied that the sale indicated that the company was "strapped for cash." It withdrew a £50m bond issue last October following the arrest of its chairman, Mr Gerald Ronson, in connection with the Guinness affair.

Chapman leaves ECGD

Mr Fred Chapman, principal financial officer at the Export Credits Guarantee Department(ECGD) and the official responsible for negotiating far-reaching reforms to Britain's export credit system last year, is to leave the department in May to take up a three-year secondment as European Corporate Treasurer of Varity, the farm equipment concern.

Senior department officials were quick to deny suggestions it could be linked to the controversial reform negotiations or to criticism of ECGD's accounting policies.

Civil service pay offer criticised as 'inadequate'

BY JOHN GAPPER, LABOUR STAFF

THE Treasury yesterday unveiled a 4 per cent pay offer to 320,000 middle and junior grade civil servants which is likely to provoke calls for industrial action. This follows the Government's decision to impose local pay allowances without agreement.

The pay offer to clerical, typing and secretarial grade staff, which includes a minimum flat rate weekly rise of £5, was accompanied by an offer of increases in London weighting allowances giving a new maximum of £1,680.

The pay offer to members of the CPSA and NUCPS civil servants' unions was criticised by Mr Leslie Christie, NUCPS general secretary, as "completely inadequate." It is also likely to meet fierce opposition from the CPSA, which has aleft-wing leadership.

A CPSA pay conference in December voted to seek an all-out strike of its members if the Treasury did not meet a pay claim including a £25 a week rise, the introduction of a 35-hour week and a minimum weekly wage of £134.

The Government is determined, however, to keep pay costs strictly within spending limits, while seeking additional flexibility in pay structures to deal with local recruitment and retention difficulties.

The Treasury said yesterday that it planned to impose a system of local pay additions from June 1, after seeking submissions from Government departments, despite the rejection of such a system by both the NUCPS and the CPSA.

Last year's pay award of 4.6 per cent to clerical, secretarial and typing grades was imposed on staff after a prolonged campaign of regional and selective strikes that ended in disagreement between the two unions over tactics.

The pay offer, which would cost the Treasury £106.5m to implement, will be considered at meeting of the NUCPS national executive today. Mr Christie said that he would be recommending its rejection.

The London weighting allowance offer to civil servants working in the capital provides for new rates of £1,680 in inner London, £965 in an middle zone and £705 in an outer zone – increases of $153, £89 and £64 respectively.

The pay offer would give increases of £5 a week to about 160,000 junior grade servants in the administrative officer and administrative assistant grades. A 4 per cent rise would apply to those in more senior positions.

Opposition accuses Tories on advertising

By Peter Riddell, Political Editor

THE OPPOSITION Labour Party has accused the Government of using public money for party propaganda and lodged a formal complaint with the Independent Broadcasting Authority.

Mr Tony Blair, Labour's trade spokesman, has written to Lord Thomson, the chairman of the IBA, expressing "deep concern" about the Government's use of television advertising to promote Government policies and programmes.

He claims that a recent television advertisement on what the Department of Trade and Industry has called its enterprise initiative – talking of "a new drive behind British business" and "benefits felt in almost every area of commerce" – represents a value judgment of a political nature and cannot be described as "imparting factual information" as stated by the IBA's guidelines on Government advertising. The IBA also has a statutory duty of impartiality.

Mr Blair's letter comes at a time of growing parliamentary concern over the sharp rise in Government spending on advertising, especially by the DTI. The House of Commons public accounts committee is considering whether or not to hold a formal inquiry into the issue, with an investigation by the National Audit Office.

In his letter Mr Blair says it is "a disgrace that taxpayers' money is used to fund such party propaganda. It is especially important for these matters to be raised now when the Government is gearing itself up to spend millions of the public's money to promote the Conservative case on social security, electricity privatisation, and the numerous public relations stunts of Lord Young at the Department of Trade and Industry. These campaigns must be carefully scrutinised to ensure that only facts, not Tory propaganda, are advertised."

He points out that Government advertising has risen from over £20m in the years 1985-86 to well over £100m in 1987-88 and is set to rise further. DTI advertising has increased from £2m to over £18m in the same period.

Mr Blair says that it is "no coincidence that the areas of the largest increase in spending are those of most political sensitivity for the Government – employment, DHSS (the social services) and DTI."

He says that, in particular, the DTI's campaign on the enterprise initiative "has strayed far over the line between imparting information to the public and peddling propaganda."

Jaguar unions agree to suspend strike threat

BY CHARLES LEADBEATER, LABOUR CORRESPONDENT

JAGUAR, the luxury car maker, yesterday agreed not to implement a productivity deal after leaders of its manual unions agreed they would suspend their threats of industrial action.

The deal was due to take effect from April 6 and was set to increase productivity by 7.5 per cent to lift output to 1,300 cars a week.

The reciprocal moves were intended to allow more time for talks over the company's plan, which is aimed at lowering unit costs through moving to higher volume production.

The company says the higher volume is needed to meet demand in Europe and the Far East, as well as to make Jaguars competitive in the US market in the light of sterling's strength against the US dollar.

The talks began earlier this week, after the 4,400 workers at the company's Brown's Lane assembly plant in the Midlands voted by two-to-one for a strike over the issue.

The company wanted to introduce the faster production line speeds from after the Easter holidays, with production rising over the following five or six weeks from a rate of 56,000 cars a year to 60,000.

Workers at the company's painted-body and engine plants, at Castle Bromwich and Radford in the Midlands, have already accepted the higher production targets.

The unions have said they want a pay rise to compensate for the higher productivity. But their main objections are that the higher production targets were introduced without prior consultation and, despite the recruitment of about 600 assembly line workers over the last year, there are not enough workers to meet the new targets.

Under Jaguar's collective bargaining procedures the unions would have to give the company five days' notice before going on strike. The unions would have to take industrial action by April 21 to avoid losing their mandate under trade union legislation.

Guinness decision seen as boost for Takeover Panel practices

BY CLAY HARRIS

SELF-REGULATION lives to fight another day. Despite the narrow focus of yesterday's High Court ruling, the outcome was a victory for the more interventionist line taken by the Takeover Panel in the wake of the Guinness affair.

For the second time in 15 months, the panel appears to have emerged unscathed from an encounter with the legal system which could have proved fatal to Britain's largely voluntary system of regulating takeovers.

The judgment was viewed in the City of London as adding a new dimension to takeover practice, because it sanctioned the panel's unprecedented intervention in a bid 16 months after its conclusion and while a Department of Trade and Industry inquiry into Guinness was still underway.

Mr Simon Metcalfe, a corporate finance director at County Natwest, said: "It seems to be extending the areas in which the panel can exert its authority." However, Mr Antony Beevor, the panel's director-general, was reluctant to extrapolate from the case at hand. He said: I don't want to exaggerate it because the point about Guinness was that it was a slightly special case: are we right to proceed outside a bid situation while the DTI inspectors are in?"

The case which led to yesterday's ruling was a logical extension of the Appeals Court judgment in December 1986 which held for the first time that the panel's decisions were liable to judicial review, but only based on the way the panel applied its own rule book, the Takeover Code.

Yesterday's judgment turned on this narrow procedural issue. The court rejected Guinness's contention that the panel reached its decision unlawfully and unfairly. "That's what judicial review is all about," commented Mr John Walker-Haworth, who was director-general when the panel made its ruling last year.

Legal issues aside, however, the panel has taken a much tougher line with bid protagonists in the wake of the Guinness affair. One merchant banker said the panel was showing more perseverance in its inquiries, and not shrinking from demanding information and action, when it formerly had relied much more on gentlemanly negotiation.

Raymond Hughes looks at the proceedings and outcome of a judicial review

High Court upholds ruling on illegal share dealings

THE High Court yesterday upheld last September's City of London takeover panel decision that, in the closing stages of its £2.7bn takeover battle for Distillers in 1986, Guinness took part in an illegal concert party purchase of 10.6m Distillers' shares.

The court also ruled that the way in which the panel had reached its conclusion that Guinness had breached the City Takeover Code was not open to criticism.

Guinness's application for a ruling that the panel had acted unfairly and unlawfully was dismissed with costs. The company is to consider an appeal.

The panel said it would not consider the consequences of its decision – which could involve Guinness having to pay extra money, variously estimated at between £30m and £200m, to former Distillers' shareholders – until after any appeal.

Guinness had sought judicial review of the panel's decision, which involved the court having to decide whether the panel had dealt with the matter fairly and properly in accordance with established legal guidelines.

Guinness had complained that the panel had reached its decision on inadequate evidence – none of those principally involved in the alleged concert party having given evidence – and refused to adjourn the matter until after publication of a report into the Guinness affair by Department of Trade inspectors, or to give Guinness more time to prepare its defence.

Lord Justice Watkins said that Guinness had not been denied its right to be treated fairly and there had been no procedural impropriety in the way the panel dealt with the matter.

"There was sufficient evidence to allow the panel to decide as it did," the judge said.

The case concerned 10.6m Distillers' shares bought for £75.6m towards the end of the bitterly fought battle for Distillers between Guinness and Argyll Group. The price was substantially higher than Guinness' alternative cash offer.

The shares were bought by Cazenove and Co, one of Guinness's stockbrokers, for Pipetec, a Swiss finance company and a wholly-owned subsidiary of Bank Leu, a Zurich bank.

Samuel Montagu & Co, advisers to Argyll, asked the executive of the takeover panel to investigate the purchase and the executive asked Guinness for an assurance that there had been no concert party between Guinness and Pipetec. The response was a letter on April 17 1986, from Mr Olivier Roux, then Guinness finance director, saying: "We have made no financial arrangements with the purchaser with respect to such shares."

Lord Justice Watkins said the document that figured most prominently in the case was a letter dated April 18 1986, written by Pipetec to Mr Thomas Ward, then a Guinness director.

The Pipetec letter, a copy of which appeared to have been signed on Guinness's behalf by Mr Ward, confirmed that Pipetec had purchased the Distillers' shares on Mr Ward's instructions. The letter stated that Guinness undertook to pay Pipetec an "up-front arrangement fee of £47,250" and to repurchase the shares from Pipetec for the original purchase price plus commission, fees, taxes and other costs.

Lord Justice Watkins commented that the present Guinness board was still not convinced of the authenticity of that letter. For one thing it was said that Mr Ward had been in the US at the time the letter must have been signed.

The judge said that Guinness could not be criticised for seeking judicial review.

"I think the new board of Guinness is deserving of sympathy in its endeavours to deal with an awful inheritance in the interests of the future of Guinness, its shareholders and anyone who may claim to be adversely affected financially by the manner in which Guinness took over Distillers.

"The vast implications of the additional burden which will be cast upon it by the decision of the panel, if it is not set aside, seem to the directors to be just about the last straw."

Guinness had argued that there was no precedent for a panel investigation 16 months after the outcome of a bid or for the panel deciding that a concert party existed without the people alleged to have composed it giving evidence to the panel.

Lord Justice Watkins said it could not be denied that "the main actors" on the Guinness side had not given evidence and that the panel had substantially relied on hearsay evidence.

Although the panel had been "inconsiderate" in refusing Guinness an adjournment to enable it to present its case better, the judge was not satisfied that better presentation would have persuaded the panel to a different decision.

Nor did the judge consider that the panel had been unreasonable in refusing to defer its hearing until the inspectors reported.

As to the panel's conduct of the September hearing, Lord Justice Watkins said that one had to look at the quality of the evidence at the panel's disposal and Guinness's capacity to at least cast doubt on, if not rebut the allegation that the Distillers takeover had been effected by the existence of a concert party in breach of the Code.

"In the unfolding drama of the Guinness affair, the first casualty must not be fair play which in the process of decision making must always prevail.

"I do not believe that Guinness . . . was denied its undeniable right to be treated fairly," Lord Justice Watkins said.

Premier advances flotation plan

BY LISA WOOD

PREMIER BRANDS, the group which produces Typhoo teas and Chivers Hartley jams, reported a pre-tax profit of £18m for the calendar year 1987 compared with £9.2m in the previous year.

The company, set up in 1986 after a £97m buy-out from Cadbury Schweppes, the soft drinks and confectionery group, plans a public flotation next year.

Mr Paul Judge, chairman of Premier Brands, said the development of the business had enabled these plans to be brought forward from 1990.

Trading profit for 1987 was £24.2m, a 51 per cent increase over 1986 which, with reduced interest charges, substantially increased interest cover.

Turnover was up by 12 per cent from £280m to £315m.

The return on sales was 7.9 per cent achieving, said Mr Judge, the company's objective of matching the UK food industry average.

Mr Judge said trading profit, together with further reductions in asset levels, contributed to a cash inflow from operations of £43m, more than covering the company's tax and interest payments and its acquisition expenditure.

This, on top of the £41m inflow of 1986, enabled the company to refinance its original buyout borrowings during the year. This financing package, he said, gave the company scope for future acquisitions.

Four acquisitions were made in 1987, in line with the company's strategy of concentrating on its core businesses of food and beverages. These were Glengettie Tea, Ridgways, Newtime Food Products and British Fish Canners.

Strategic acquisition have continued in 1988 including the Jersey Trading Corporation, Italy's largest tea packer, worldwide rights to the Allinson brand name on biscuits and breakfast cereals and the London Herb & Spice Co.

Mr Judge said 1988 had started well and Premier planned to be a bigger business by the time of the flotation.

UK NEWS

Japan views UK as door to Europe, new envoy says

BY ANTHONY MORETON, WELSH CORRESPONDENT

JAPAN will step up its investment in the UK to take advantage of the integrated European market which comes into being in 1993, Mr Kazuo Chiba, the newly-arrived Japanese ambassador, said in Cardiff yesterday.

Mr Chiba admitted the investment was partly defensive since Japan did not want to be excluded from Europe in the 1990s. "There is always a danger that Japan could be frozen out if we are not in Europe. But we shall be here to take full advantage," he stated.

The ambassador, who took up his post earlier this month, was speaking at a conference on the next phase of Japanese manufacturing investment in the UK, organised by the Anglo-Japanese Economic Institute and Winvest, the inward-investment arm of the Welsh Development Agency.

He had chosen Cardiff for his first major speech outside London since arriving in the UK because it has the largest single concentration of Japanese manufacturing investment in Britain.

Mr. Chiba said that Japan was now entering a new phase in its international economic development, in which partnership would be the guiding principle of its investment decision-making.

Last year, Japanese companies invested £430m in new manufacturing investment in the UK with 19 new arrivals taking the number of concerns to 70. More than 21,000 people were employed by Japanese companies.

He said the companies came because of high productivity levels, labour cost advantages and an adaptable workforce. Britain's key role in the EEC was also an important factor.

These advantages were also encouraging many Japanese companies in the UK to consider expansion, according to Professor John Dunning, of Reading University. "The likelihood of a major increase in the Japanese presence in the 1990s is very real, particularly in high-value activities."

Nissan opens Tees import dock

BY IAN HAMILTON FAZEY, NORTHERN CORRESPONDENT

NISSAN will start exporting cars in November from its Washington factory in the north east of England. When it does, it will probably use the £2m Tees Dock terminal near Middlesbrough which the company opened yesterday.

Mr Paul Channon, the Transport Secretary, opened the dock, which will be used to accept the company's imports from Japan. The contract to use 40-acre terminal for exports, however, is still being negotiated.

The terminal has opened in time for imports to be stepped up to replace the output of cars from Washington, the bulk of which this year will be classed as British by virtue of having 60 per cent local content.

About 49,000 cars will be made in Washington this year, of which about 10,000 will be classed as foreign because their local content will fall below the 60 per cent threshold.

Up to 7,000 of the British vehicles will be exported to mainland Europe via Amsterdam on Nissan ships which will use Tees Dock to unload imports.

Nissan plans to export 40,000 Bluebird saloon cars a year from Washington by 1990, followed by 60,000 Micras a year by 1992, when exports worth about £500m a year will represent about half of the factory's output.

The group will import from Japan up to its quota of 5.8 per cent of the market, which means about 115,000 foreign classified Nissan cars a year at present. The import traffic is split 63-37 between the Tees and Bristol respectively.

The new import terminal has workshops so that cars from Japan can be fitted with a wide range of optional extras supplied in Britain, such as sunroofs and special wheeltrims. Mr Stan Cholaj, assistant managing director of Nissan UK, said yesterday that the extras would be worth millions of pounds and this was one way of using local content to keep prices down despite the strength of the yen.

"However, the real price advantage comes from productivity. We are making more than 40 cars per year per man in our factories compared with a high of 22 among the best of our competitors," he added.

Mr Cholaj said the terminal was the final piece in Nissan's UK jigsaw. The other pieces were the factory, 150 new dealerships, and the research and development centre, the location of which has yet to be announced.

● IWAX, the disposable lighter group and the first Japanese company to set up in Northern Ireland, yesterday cut 40 jobs at its Ballymoney factory in Co Antrim to leave a staff of 62. The company, which makes disposable lighters, said the move stemmed from a severe price war.

Barings shows profit despite share crash

BY DAVID LASCELLES, BANKING EDITOR

BARINGS, the privately-held London merchant banking group, weathered last year's slide in the equity markets without suffering any operating losses and ended the year with higher profits. The group's annual report discloses profits after tax of £8m, up from £7.5m the year before.

This is not the true figure, since Barings makes an undisclosed transfer to inner reserves. But Sir John Baring, the chairman, said the reported increase reflected a record year for the group. He added that Barings would have disclosed even higher profits, but for the cautious view it took of this year's prospects.

Sir John declined to detail the effects of last October's collapse in share prices. Barings did not escape unscathed because it was a large underwriter of the BP share issue which coincided with the crash. But, he said, it was a tribute to staff that Barings had managed to remain in profit.

Sir John said he was satisfied with the way that Barings' various lines of business were developing. The banking and capital markets increased their activity, and corporate finance handled a record number of transactions. Funds under management were unchanged at £11bn. The group's gilt-edged dealing operation lost money because of intense competition, but Sir John said this was a necessary cost of keeping close to the sterling debt markets.

Barings is preparing to become a member of the Tokyo Stock Exchange.

Sir John forecast that the shake-out in the securities markets, which as already claimed a number of victims, would leave a number of well organised, effective and profitable players.

Tighter rules to govern audits of small companies

BY RICHARD WATERS

THE AUDITING of small companies will become much more stringent following two developments designed to crack down on low-quality auditors.

The first development is a decision by the Auditing Practices Committee to outlaw a form of audit report widely used by auditors of small companies. The report, known as an example six report, states that the auditor has not formed an opinion on the accounts but relied on directors' assurances.

In future, auditors will have to express an opinion on the directors' comments, Mr Mathew Patient, chairman of the Auditing Practices Committee, said yesterday. "They can't opt out – which is what they have been doing up to now," he said.

The second change stems from plans by the accountancy bodies to monitor their members' work. This follows a request from the Government for assurance about the quality of auditing. According to the Institute of Chartered Accountants in England and Wales, the changes are likely to add considerably to the cost of audits and will give extra ammunition to the the Department of Trade and Industry in its campaign to relieve small companies from the statutory audit burden.

Around a quarter of Britain's 800,000–900,000 small companies receive an example six report, according to *Audit Report*,

هكذا من الأصل

TECHNOLOGY

ALL EYES in the US steel industry are turned towards Crawfordsville, Indiana, this year as a small steel company builds a plant commercialising a much-debated new technology which could have repercussions throughout the steel market.

If it is a success, the US$225m plant will enable its owner, Nucor Corporation – a South Carolina-based mini steel company – to force its way into the lucrative flat products sector of the steel market, an area which, because of high investment costs, has been closed to the growing band of mini-mills in the US.

The centrepiece of Nucor's plant – a thin-slab casting machine developed by West German plantmaker Schloemann Siemag (SMS) – is expected to lead to significant savings both in investment and production costs, thus opening up the flat products sector to the smaller steel companies.

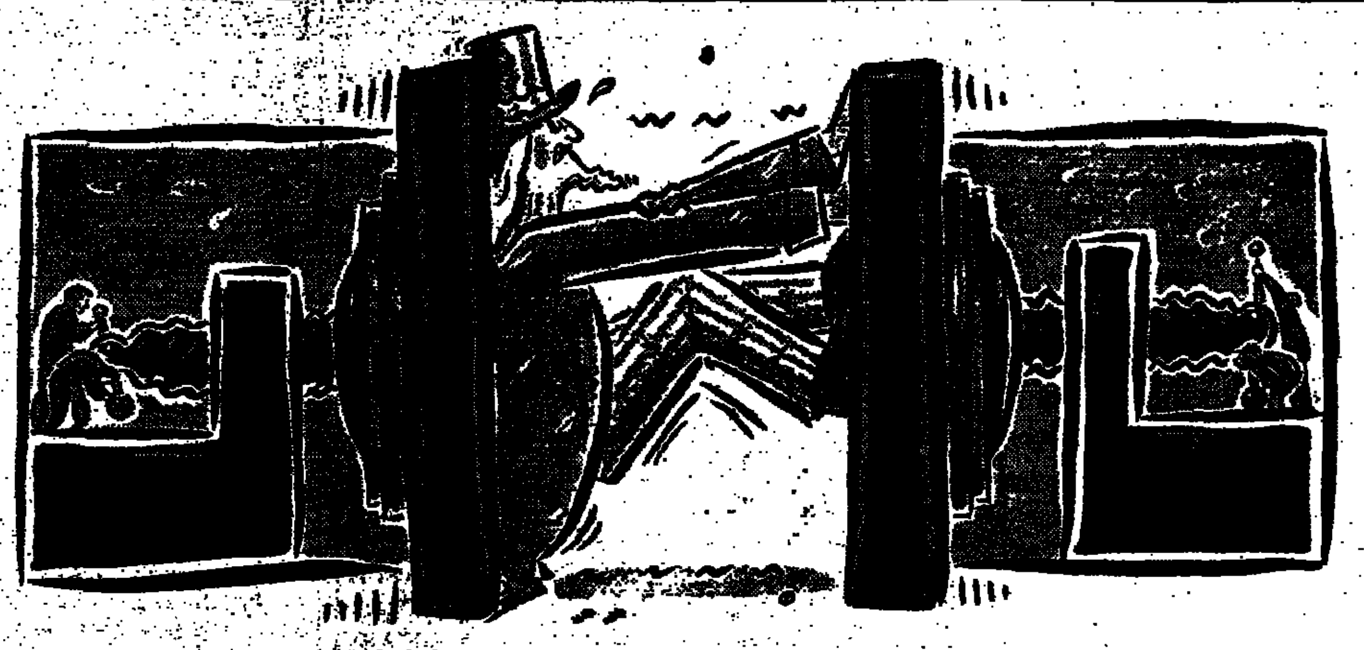
Nucor is in the vanguard of an expanding army of cost efficient steel mini-mills in the US. By making one or two low-grade products – such as construction steel – more cheaply, these companies have wrested this market sector from the integrated steel giants. An assault by the minis on the 43m-tonne, US flat products market, the biggest and most profitable sector of the steel market, could significantly change the balance of power in the industry.

Nucor's mill has a capacity of only 800,000 tonnes a year, but two other mini-mills have already said they will follow the company's lead if its new project proves successful, and even the big integrated mills have been prompted to contemplate the technology.

"The new plant is more likely to nibble round the edges of regular sheet steel demand at first," says John Jacobson, steel analyst at Wharton Econometrics in Pennsylvania. "Nucor has got a way to go before it can compete with the big mills." But he concedes that the new technology does have the capability of altering the cast of the die in the industry over the long term.

By producing steel slabs much thinner than conventional products – two inches as opposed to 10-inches – thin-slab casting is expected to sharply reduce production costs. Ken Iverson, Nucor's chairman is predicting that cost savings will take $50 to $75 per tonne off the estimated $350 a tonne it costs the big companies to make hot steel bands.

Thin-slab casting eliminates many of the interim rolling processes it takes to reduce a slab to the final 1/8 inch thickness of hot steel bands. For this reason, savings can be made in energy and manpower costs. With a flexible, non-union workforce, Iverson estimates that the company will be capable of producing steel with 1½ man hours per tonne as opposed to the industry's existing average of 4-5 hours per tonne.



Crushing blow for US steel giants

Deborah Hargreaves explains how West German plant lets mini-mills move up-market

Nucor is very much a pioneer, with its plant marking the culmination of the industry's 100-year search for a successful thin-slab casting technology. But this is not a role that bothers the entrepreneurial Iverson. "I don't feel it's a big risk; I think it's an exciting process and we feel very confident we can make it work successfully," he says.

Iverson has built Nucor into the most prominent mini-mill group in the US, adding a new facility almost every four years since the early 1970s, and exploring the latest technology in a bid to maintain a cost-efficient operation. With output from its four plants touching 1.8m tonnes last year, the company is easing its way into the top ten US steelmakers.

"Nucor has been able to operate at very high rates and has been able to make a lot of money with very little long-term debt," explains Jacobson. The company has been able to finance its expansion internally, an achievement he describes as a "unique experience" within the industry.

Indeed, as big steel businesses in the US have undergone a painful process of cuts over the last ten years, the mini-mills have kept themselves lean and efficient. Until now, however, the mini-mills, which melt scrap in electric arc furnaces instead of using the more costly blast furnace process, have been able to make only fairly low grades of steel.

Traditional mini-mill products include reinforcing bars used in construction, and other shapes and angles – a business with very low margins that the big mills have been willing to concede to their aggressive competitors. But thin-slab casting could change all that by enabling the minis to move into flat products, albeit initially at the lower quality end of the market.

Iverson says he has already had a lot of interest from "any number of customers." He insists Nucor is not interested in entering a price war with the big mills in the flat products arena. "A lot of business is still taken by imported steel and we hope to compete with that," he states.

During its first several years of operation, Nucor's new plant will be excluded from the market for high quality sheet used in car body panels, the most quality-conscious sector of the flat products market. Iverson, however, is confident the facility will eventually gear up to the level required by the car-makers. It will do this by securing a supply of high quality scrap or by using an iron-rich feed stock called Direct Reduced Iron.

The high quality end of the flat products market is one with high margins and much coveted by big steel companies in the US. These have made a substantial investment in the past few years in response to greater quality demands from car manufacturers.

"Needless to say, every large steel producer is in contact with us to evaluate our product," says Herbert Fastert, president of SMS Concast, the US arm of the West German plantmaker. "Several companies in the big ten are seriously studying the conversion of some of their excess melting capacity to this method."

But the $200m investment in a thin-slab caster is not one to be made lightly in the financially starved steel industry. "People are watching Nucor with bated breath to see if it is the success we say it is," says Fastert.

Nevertheless two other mini-mill groups, North Star Steel, a Minneapolis-based member of the Cargill group, and independent Birmingham Steel, have already signalled their intentions of following Nucor's lead. Birmingham has made clear its plan to seek a partner for a flat products joint venture.

Both companies will be watching eagerly the start-up of Nucor's plant in a year's time – a process that will be difficult, according to Iverson. "It could take some time to get all the pieces functioning at 95-97 per cent reliability, which is the level we require," he says.

The thin-slab casting technique has been tested on a pilot plant operation for the last 18 months. Fastert says SMS has deliberately explored the top and bottom of the caster's range. He is confident that the new plant will perform just as well on a large scale.

Rolling on towards big energy savings

IN 1867, Sir Henry Bessemer, one of the pioneers of the steel industry, received a British patent for thin-slab casting. But it took almost 100 years for the industry to perfect a method of continuously casting steel – pouring liquid steel into a moving mould. Since then, the race has been on to develop a thin-slab casting process of the type Nucor is now planning to commercialise.

"It's a very simple idea," says Herbert Fastert, president of SMS Concast, a subsidiary of the West German company which developed Nucor's thin-slab caster. "For many years, however, the execution of it proved impossible," he adds.

SMS is not the only company to have been working on thin-slab casting – or Compact Strip Production (CSP) as the company calls it.

"It was a foot race, literally every company in the world has been attempting to build this," says Fastert. But his company hopes it has stolen a march on its competitors with its process – which is due to start on a commercial basis at Nucor's Indiana plant next year.

The new strip caster involves a specially developed mould with a funnel-shaped opening, which is 7-8 inches thick at the top and 2 inches thick at the bottom. Liquid steel is poured through the mould and into a strand shell that is much like a conventional continuous caster.

The slabs produced are two inches thick instead of the conventional 10 inches and, since much of the size reduction is completed while the steel is liquid, the facility leads to significant savings in energy costs.

Once the slab emerges from the caster it is kept in an equaliser furnace to ensure it remains at an even temperature before it moves to the rolling mill. Conventional methods cool a slab and then reheat it before rolling. But in the SMS process the thin slab remains hot, passing through a heated tunnel to the strip finishing mill.

Because of the thicker size of current slabs, they are rolled many times by passing them through a roughing train before moving to a finishing mill. Thin-slab casting dispenses with this method so capital investment costs for a CSP plant are projected to be 18 per cent of the investment needed for a conventional process – although the CSP plant is on a much smaller scale. In addition, operating costs for a CSP complex are estimated to be almost half those of a much larger, conventional plant.

In its pilot plant, SMS has managed to cast a wide range of steel grades successfully, even several usually problematic alloys. But Fastert stresses the need for further development work on some of the more high quality product grades.

Fastert is looking forward to seeing the caster in operation commercially, stressing the implications it has for steel manufacturing. "There is a chance it will change the entire set-up of the industry," he says.

Metal Box puts extra life into French sauces

BY MAGGIE URRY

FRENCH COOKS, contrary to popular belief, seem happy to use ready-made sauces and toppings, such as mustard, tomato puree and tomato ketchup. And they, like other nationalities, are no doubt frustrated by the waste involved in the usual packaging systems such as cans and jars, where once opened the product begins to deteriorate.

With this drawback in mind, a company called Cuisine et Conserves des Régions de France (CCRF) is launching a range of such foods in aerosols developed by Metal Box, the UK packaging company.

The aerosols, which produce a flow of the sauce when the button is pressed with a pump rather than spray action, keep unused food away from the air and thus fresh.

Although more expensive than other types of packaging, the new containers should be cost effective because less of the contents will be wasted.

Metal Box developed a new lacquer which is used to coat the inside of the aerosol can and does not affect the contents. In the middle of the container is a pleated pouch, developed by Enviro-spray Systems, a US group. Called "Grow Pak", this is filled with carbon dioxide under pressure.

As the sauce is used, the pouch expands, filling the space vacated by the product and so keeping the contents from contamination by air.

Another advantage is that the system does not produce the gases supposed to damage the Earth's ozone layer.

The outside of the aerosol container also has a special coating which enables marketing men to implement striking graphic designs to catch the eye of potential customers.

Barclays applies science to its software designs

BY ALAN CANE

BARCLAYS BANK is taking the plunge into "computer-aided software engineering" (CASE), a new technology which promises to bring scientific method to the art of software development.

It has decided to standardise its software production around a technique called Information Engineering Methodology developed by the consultancy James Martin Associates (JMA).

Essential to the methodology is a set of software tools called the "information engineering facility" (IEF), which JMA introduced in association with Texas Instruments, the US semiconductor manufacturer.

The purpose of the facility is to act as a "software factory" automating the production of software through from the development of the initial specifications to the production of the "object code" which tells the computer system what to do.

Barclays intends to use the methodology first on its "Global Banking Systems" project which will provide the bank with a world-wide branch banking network, replacing its existing system written by Arbat.

JMA has won a £250,000 contract for work on the global banking system which includes the IEF.

Don Lonsdale, divisional director for Barclays Central Management Services Department says the decision to standardise on the JMA methodology was taken after a nine-month evaluation of all major systems development methods.

James Martin, a leading figure in the world of computer systems consultancy, has pioneered several of the most important developments in computer aided systems engineering.

JOBS

Latest indicators of management pay levels

BY MICHAEL DIXON

WHEN the first version of the accompanying table appeared in the Jobs column, the median salary of the general managers heading the list was £5,000. That was in 1975 and, then as now, the table's indicators of managerial pay in Britain were compiled from the surveys made by the Reward consultancy.

The study from which today's figures are drawn was carried out at the start of the year, and is based on more than 24,000 items of information about the pay of managers employed by almost 800 organisations. They range from big to small, and include a wide variety of different types of business operating in all regions of England, Scotland and Wales.

Whereas the full survey covers six ranks of the managerial hierarchy, however, my table refers to only one. It is the rank immediately below board-level, although in small companies the managers in question may be directors while doing essentially the same kind of work. Anyone wishing to know more about the study should contact Reward's Bill Couldrey at 1 Mill Street, Stone, Staffordshire ST15 8BA; telephone 0785 813566, Fax. 0785 817007.

Rank One = Most senior manager below level of director* in:	LOWER QUARTILE Basic salary £	LOWER QUARTILE Total money reward £	MEDIAN Basic salary £	MEDIAN Total money reward £	MEDIAN (Basic year earlier) £	MEDIAN (Total year earlier) £	UPPER QUARTILE Basic salary £	UPPER QUARTILE Total money reward £
General management	18,476	19,000	24,588	26,025	(24,285)	(25,360)	31,416	33,375
Advertising and PR	21,550	22,250	24,250	26,000	(23,603)	(23,603)	30,000	30,900
Legal advice	20,378	20,378	25,824	25,875	(22,308)	(22,308)	30,000	30,133
Finance & accounting	19,500	20,056	22,022	23,000	(21,000)	(21,450)	26,760	27,500
Scientific department	19,153	19,153	22,295	22,569	(20,302)	(20,703)	28,025	28,294
Marketing	18,528	18,809	21,842	22,310	(20,467)	(21,140)	25,575	26,422
Company secretariat	18,562	18,962	21,000	22,025	(20,115)	(20,659)	27,500	28,524
Personnel	18,194	18,496	20,244	21,200	(19,000)	(19,836)	23,576	24,044
Computing	17,500	18,168	21,000	21,093	(19,500)	(19,950)	25,393	25,990
Sales	17,450	18,000	20,000	21,000	(18,406)	(19,500)	24,336	25,313
Research & Development	17,050	17,104	20,000	20,449	(18,673)	(19,000)	23,650	24,072
Distribution	17,400	17,758	19,386	20,360	(—)	(—)	22,982	22,982
Administration	17,400	17,680	20,000	20,174	(18,500)	(19,913)	26,000	27,000
Engineering	16,458	16,906	18,975	19,335	(18,208)	(18,300)	22,575	22,913
Purchasing	16,950	16,950	19,075	19,215	(18,708)	(19,000)	21,274	21,416
Management services	15,658	15,983	18,632	19,180	(17,250)	(18,500)	22,357	22,490
Quality assurance	17,200	17,532	18,857	19,172	(16,668)	(16,994)	20,884	21,000
Production	15,853	16,367	18,477	19,070	(17,000)	(17,496)	21,133	22,218
Surveying/architecture	16,369	16,369	18,359	18,359	(16,231)	(16,313)	21,427	21,707
All Rank-One managers	17,490	—	20,259	—	(19,000)	(—)	24,700	—

*In small companies could rank as director, otherwise reporting directly to board.

The left-hand pair of columns of figures give first the basic salary and then the total money rewards — including bonuses and suchlike but not the value of in-kind perks such as company cars — of the *lower quartile* manager. That is the person who would come a quarter way up from the bottom of a ranking of all doing the same type of job at the same level in the hierarchy.

The next four columns refer to the *median* manager who would be placed halfway in the ranking, and give the latest basic salaries and total money rewards as well as the corresponding figures from the survey the consultancy made at the beginning of last year.

The final pair of columns give the newest figures for the *upper quartile* manager who would come a quarter way down from the top of the ranking.

Before readers compare their own position with the indicators, I hope they will remember that no salary survey can give better than approximate information. They should also bear in mind that pay varies with such things as the size of the employing organisation, and whereabouts in Great Britain it is located.

For example, by comparison with the *all rank-one managers'* median basic salary of £20,259, the regional medians varied as follows. Higher: London by 19.7 per cent, Scotland by 5.3, and South-east England by 3.2 per cent. Lower: North-west England by 3.7 per cent, the North-east by 5.1, Eastern Counties by 9.2, the South-west by 10.6, and the West Midlands by 11.2 per cent.

Variations from the £20,259 median by company turnover were — Higher: £100m-plus by 23.7 per cent, and £40m-£100m by 12.2. Lower: £15m-£40m by 1.3 per cent, £5m-£15m by 7.0, and up to £5m by 11.2 per cent.

The corresponding variances by size of payroll were — Higher — more than 4,000 employees by 27.1 per cent, 1,001-4,000 by 11.2, and 501-1,000 by 3.7 per cent. Lower: 201-500 employees by 6.7 per cent, and up to 200 by 3.7 per cent (the companies with the smallest payrolls seem always to pay managers better than those in the next larger payroll bracket).

In addition, Reward's staff recommend that all the figures should be increased by 1.5 per cent to allow for the time that has passed since the information was collected.

City batch

NOW to a clutch of jobs based in the City of London being offered through two different recruitment consultants. Since they may not name their clients, both promise to respect any applicant's request not to be identified to the employer at this stage.

The opening pair are being handled by David Mason Johns of Lansdowne Recruitment (Kew Bridge House, Kew Bridge Rd, Brentford, Middlesex TW8 0EJ; tel 01-568 2926, Fax 01-568 8345).

His first post is for the head of a small team responsible for all aspects of corporate finance documentation in a European-owned international bank. Those applying should be qualified lawyers with copious experience of the work involved. Fluency in a Continental language would help.

Salary around £55,000, plus usual munificent City banking perks.

The second of the pair is for a recently qualified accountant acquainted with finance-sector operations to undertake internal and operational audits. While most of the work will be done in London, there will be some travel not only in Britain but also in Europe and to the Far East.

Salary £22,000-plus. The other benefits include a mortgage subsidy and private medical insurance.

NEXT comes headhunter Stuart Clifford of the Badenoch and Clark consultancy (16-18 New Bridge St, London EC4V 6AU; tel 01-583 0073, Fax 01-353 3908). He seeks a senior export finance specialist for the London branch of a New York bank.

Candidates should be skilled in credit evaluation as well as in documenting export finance transactions, and have expert knowledge of ECGD and other governmental support schemes. Another need is experience of marketing banking products in the UK, if not the Far East too.

Salary range £40,000-£50,000. Car among City-style perks.

Corporate Banking

Asset Finance

The asset finance arm of a major merchant bank is currently seeking a manager to source, negotiate and complete all aspects of new business in the big ticket arena. Excellent package.

Marketing Officers

Two major international banks require young graduates in their late 20's to market a broad range of banking products to medium and large UK corporates. A minimum of two years' experience is essential.

Interested applicants should contact Niall Macnaughton or Mark Hartshorne on 01-404 5751, or write to them at Michael Page City, 39-41 Parker Street, London WC2 5LH.

MP

Michael Page City

International Recruitment Consultants

London Paris Amsterdam Brussels Sydney

CREDIT ANALYST

Competitive Salary Plus Banking Benefits

International Bank in the City requires:-

1) Senior Credit Analyst with at least 5 years of relevant experience, preferably in a U.S. Bank, Undertaking Country, Corporate and Bank Risk Assessment.

The successful candidate will be a self starter, articulate and with excellent communication skills.

IBM S/38

Programmer - RPG111

2) Experienced programmer to develop financial applications involving S38 plus communications and P.C. interface. Kapiti experienced an advantage. Competitive salary and benefits.

Written replies to Box A0874, Financial Times, 10 Cannon Street, London EC4P 4BY

M.I. Corporate Finance is a newly formed division of the rapidly expanding M.I. Group, the major financial services company. The Corporate Finance Division's prime function is to arrange secured loans for commercial and industrial clients throughout the U.K., working with major merchant banks, finance houses and institutions.

COMMERCIAL FINANCE CONSULTANTS–LONDON

To service the rapidly increasing volume of business we urgently require several senior Commercial Finance Consultants. You should be fully conversant with all procedures for assessing enquiries, preparation of the clients' case, handling negotiations and all matters leading to a successful loan draw down.

You may have a finance house or banking background but you must be able to demonstrate a sound technical knowledge, have the ability to interpret accounts, be articulate and have good interpersonal skills.

There are excellent prospects for advancement to management at an early stage. Performance related salary packages worth around £25,000, with scope for rapid advancement.

Please send your application in writing, enclosing your CV, to Michael Hill, Divisional Director, M.I. Corporate Finance, 91 Wimpole Street, London W1M 7DA.

M·I·GROUP

PROGRAMMES FOR WEALTH

SENIOR TREASURY ANALYST

Brighton **To £20K package**

The Travel Related Services subsidiary of American Express is a successful, dynamic and fast growing organisation with a major commitment to customer service and market leadership.

This new Brighton based position will be responsible for the supervision of Bank account cash management routines for certain European countries and assisting with monthly reporting of Foreign Exchange exposure management results.

In this role you will be working closely with the Manager of Treasury Operations to ensure proper control of these financial exposures.

You must be an effective *communicator and possess the ability* to both motivate and supervise a highly skilled team of Treasury analysts. Ideally you will also possess excellent analytical skills and operational knowledge of IBM PC related software packages (Lotus 123/Smart/Database III).

Your academic achievement should *be a degree level qualification in a* financial or accounting discipline and you should have up to three years relevant experience within a multinational corporation or in banking.

A flexible approach to problem solving and an in depth knowledge of the international financial markets will distinguish candidates of the necessary calibre.

The salary will reflect your qualifications and experience and benefits includes a mortgage subsidiary, non-contributory pension, life assurance scheme and health insurance. Relocation will be paid if required.

Please write in complete confidence enclosing c.v. to: Mike Whippy, American Express Europe Limited, Amex House, Edward Street, Brighton BN2 2LP.

AMERICAN EXPRESS ®

Agency Mail Order-USA
DIRECTOR OF MARKETING
(V.P. Level)

A long established and successful agency mail order company located in a New York City suburb seeks Senior Executive to manage the complete marketing function and become a pivotal member of our management group. Highly developed analytical skills and a minimum of ten years directly related experience are essential for consideration. Excellent level of compensation. Send resume and compensation history to:

POPULAR SERVICES, INC.
Box A0873, Financial Times, 10 Cannon Street, London EC4P 4BY

Head of Credit Support

An invitation to invest your career in J. P. Morgan

Negotiable salary + quality car + *substantial banking* benefits

J. P. Morgan is one of the world's premier financial institutions with offices in the major financial centres and assets exceeding $80 billion. Morgan combines capital strength with global financing, advisory, treasury and investment products.

We now seek to strengthen our team in London with a Head of Credit Support. Your role will be to manage a department of 40, responsible for providing all operational support to the following business areas: syndicated and commercial loans, swaps, credit control and international trade services. You will be involved in establishing the overall direction of the department and monitoring the quality of work, as well as taking the lead role in recruiting, managing and developing staff.

Today's highly complex and sophisticated international markets require Morgan to react with speed, decisiveness and flexibility, providing the effective solutions demanded whatever the pressures and contraints. Our requirements are therefore understandably stringent. You must be a graduate, aged between 28 and 35, with a background in accounting or accounting systems. You probably started your career in the management training programme of a respected organisation and then progressed rapidly to assume an increasing level of responsibility within the City or in the finance function of a major corporation. Your track record must demonstrate excellent management and communication skills.

If you are certain that your abilities match our requirements, telephone today: Jim O'Donnell, 01-600 2300 between 9.00 am and 7.00 pm or send your c.v. to him at: J. P. Morgan, Morgan House, 1 Angel Court, London EC2R 7AE.

JPMorgan

Jonathan Wren

DEPUTY BRANCH MANAGER (DESIGNATE)

Manchester

c£30,000 + banking benefits + car

We have been retained by a major international bank to assist with the recruitment of a talented, versatile international banker to assume the role, following an intensive familiarisation programme, of Deputy Manager of its prestigious Manchester office.

The appointee will have overall control for a number of staff covering documentary credits, foreign exchange, customer services, accounts, communications and computing. He/she will be expected to liaise with corporate customers to ensure that a high level of service is maintained.

The successful applicant should preferably be a qualified ACIB with sound operations and credit experience, gained in international banking in the UK, and possess strong inter-personal skills.

For further information please contact Trevor Williams or Richard Meredith on 01-623 1266.

LONDON HONG KONG SINGAPORE SYDNEY

Jonathan Wren
Recruitment Consultants
No.1 New Street, (off Bishopsgate), London EC2M 4TP.
Telephone: 01-623 1266. Fax: 01-626 5258.

INVESTMENT MANAGEMENT

£15,000-£80,000

We seek Institutional and Private Client fund managers who can demonstrate a sound knowledge of the UK and/or overseas markets. On the Institutional side a consistently high performance record would be an asset. Private *Client* fund managers with discretionary attached business would be of particular interest to our clients.

EQUITY RESEARCH

£15,000-£120,000

There continues to be demand for analysts, aged 23-40, with proven track records in researching specialised sectors, or on Continental European markets. Some Private Client firms require general UK analysts to work closely with their portfolio managers.

If you are considering a move, or simply wish to be kept informed of potential opportunities within our International Banking, Securities and Investment Management clients, please contact James Younger for an informal talk in confidence at 20, Cousin Lane, London EC4R 3TE. Telephone 01-236-7307.

STEPHENS ASSOCIATES
SEARCH & SELECTION IN SECURITIES & INVESTMENTS

Economist

Schroders, one of the leading UK Merchant banks, is looking for an economist to join a small team which provides economic advice to all areas of the bank. The team monitors the major market economies, undertaking market oriented analysis and forecasts, as well as country risk studies for other economics. The team is also involved in servicing the bank's client base, including the production of regular economies publications.

Candidates should be in their mid-to-late twenties, have a first and/or second degree in Economics with at least an upper second class honours, several years relevant experience, and a measure of econometric expertise.

A fully competitive salary is offered together with an attractive range of benefits including mortgage subsidy and *a generous non-contributory pension scheme. Career prospects* within the Schroder Group are excellent.

Application in writing with full curriculum vitae should be sent to Jo Heigho, Personnel Manager, J. Henry Schroder Wagg & Co. Limited, 120 Cheapside, London EC2V 6DS.

Schroders

US Equity Sales/Trader
UK/European Sales/Trader Wanted

U.S. based international securities firm specializing in large block trading for institutional and corporate clients located in UK and Europe.

Candidates should have experience in US or non-US trading or sales and have a list of good client contacts.

Salary and commission bonus.

If you are interested in joining a high-energy superior team, please send your c.v. in strict confidence to Box A0872, Financial Times, 10 Cannon Street, London EC4P 4BY

BENEFITS CO-ORDINATOR

- Aberdeen
- From £22.5K
- Company car

- comprehensive relocation expenses where appropriate
- pension scheme
- free life assurance
- free BUPA

The North Sea continues to be one of the most exciting and demanding offshore oil and gas provinces in the world. New discoveries, innovative technologies and further field developments will take the North Sea Oil industry into the 21st century.

Occidental is one of the leading operators in the North Sea responsible for the development and operation of the Piper, Claymore and Scapa oilfields and the Flotta oil terminal, Orkney. Occidental employs over 1,000 staff in the UK, and places a high priority on employee benefits and pensions. The changing impact of legislation, industry practice and individual needs increases the challenge to maintain an effective benefits programme.

Working within the Human Resources Department, your primary responsibilities will include the administration of a £30 million pension plan with 1,000 members and the development of the Company's future pension policy. You will also be responsible for the administration of the Company's insured benefits plans including long-term disability, life assurance and medical schemes.

You will ensure that all relevant information concerning the benefit plans is effectively communicated to the membership through presentations, counselling and preparation of effective scheme literature. You will also ensure that all statutory reporting and other legal requirements are met.

This position requires a detailed knowledge of pensions legislation and practical understanding of actuarial and investment techniques. A degree or equivalent (eg. C.I.I., P.M.I.) with around ten years' experience in Pension Fund administration is *essential*.

The rewards for this position include an excellent salary, matching your experience and qualifications, comprehensive relocation expenses where appropriate, prestigious company car, pension scheme and free life assurance and family health care. If you are looking for the opportunity to develop your career with a company of international status, write, enclosing full CV to:

OXY

George Fowler,
Human Resources Department,
Occidental Petroleum (Caledonia) Ltd,
1 Claymore Drive, Bridge of Don, Aberdeen AB2 8GB.

CAN YOU PROVIDE THE INFORMATION WE NEED TO MAKE THE BEST BUSINESS DECISIONS?

3i is a unique private sector company and a major force in the provision of share and loan capital to unquoted British companies.
The Planning and Operations Department, based at Solihull, is part of the 3i Regions Division which covers the regional network of 25 area offices situated in every major business centre throughout the UK. The Department is responsible for providing information to the senior management of the Division, contributing to the Division's objectives and strategy and overseeing the operation of its administrative systems. We currently have two vacancies within the Department.

OPERATIONS CONTROLLER
c. £25,000 PACKAGE

The Operations Controller will be mainly responsible for the provision of reports from a variety of project work undertaken as a result of management requests. Other areas of responsibility will include the revision and maintenance of efficient procedures and operations within 3i's Regional network. This will cover both manual and the recently installed multi-user computer systems, responding to management requests quickly and efficiently as well as liaising with other parts of the Group.
The successful candidate will therefore need to possess well developed communication skills as well as having the initiative and determination to originate and implement ideas. Aged 25-35, familiarity with computers and knowledge of management techniques will be necessary whilst ACA, MBA, or similar professional qualifications would be advantageous.

ASSISTANT OPERATIONS CONTROLLER
c. £19,000 PACKAGE

The second position, that of Assistant Operations Controller will work closely with the Operations Controller as well as taking on other responsibilities related to the control functions performed by the department. Aged in your 20s, the ability of communication will be vital as well as highly developed analytical skills. This is an interesting opportunity to develop your experience in a fast moving environment.
The generous remuneration package includes concessionary mortgage facilities and free medical insurance.
Please send a full c.v. to Nicola Cass, Investors in Industry plc, 91 Waterloo Road, London SE1 8XP.

3i

A WEALTH OF EXPERIENCE

International Information Company

HEAD OF FINANCE & PLANNING

Finance | Strategy & New Business Development

£50k neg + executive car + benefits S. England

This company is a wholly owned subsidiary of a multi-billion turnover worldwide group, whose principal business interests are in the supply of large turnkey systems, professional computer services, software products and consultancy. The company - one of the largest in the software and services arena - has grown rapidly in recent years, and now offers the opportunity for an exceptional Finance & Planning Executive to contribute to future growth and profitability.

The ideal candidate will be:-

- *35 to 45 years of age*
- Qualified to Degree/MBA and formally in Finance
- Experienced in financial policy planning and strategic business development in a High Technology environment

You will be responsible for providing functional leadership in finance for all subsidiaries and be intimately involved with the investigation, evaluation and action for new merger and acquisition opportunities. The position carries exceptional visibility in worldwide group terms and offers excellent future career development possibilities to the highest level.

For an initial and confidential discussion, please call Bob Archibold on Newbury (0635) 33445 quoting reference *M/498/FT or write in strict confidence to:*

ARCHIBOLD RAE CONSULTANTS LIMITED,
(High Technology Search & Selection), ARC House,
11-13 The Broadway, Newbury, Berkshire
RG13 1AS. Tel: Newbury (0635) 33445.

ARc

INVESTMENT MANAGER

A major FIMBRA company based in Lymington, Hampshire, requires and INVESTMENT MANAGER with proven track record. Opportunity to live in a delightful area. Substantial package commensurate with experience.

Apply with full C.V. to: G.H. Bennett, Highcliffe Financial Services, Ivy House, 65 High Street, Lymington, Hants. SO41 9AL Tel: (0590) 71234

Become self-employed with unlimited earnings. Exp. corporate finance executives req. for finance raising/company sales. Write Box T[illegible], Financial Times, 10 Cannon Street, London, EC4P 4BY.

Actuarial Consultancy

A quantum leap in your career

London **to £50,000 + car + benefits**

Our client is an international firm of management consultants and actuaries, and is the leader in its specialist field. It acts for a wide range of financial institutions both in the UK and overseas – including many of the largest and most exciting. The demand for its services is growing dramatically.

The work is varied, complex and intellectually demanding, requiring innovative solutions to clients' problems. Assignments include high level advice on strategic planning for organic growth or acquisition; new ventures; organisational reviews; marketing and distribution; and information management. You will be working alongside very experienced consultants who include some of the most talented people in the business. There is a flexible and responsive style of management and career prospects are excellent.

We are looking for actuaries in their twenties or early thirties with the potential and ability to achieve more than their current career structure allows. We would also be interested in hearing from you if you are not yet qualified but have a strong track record. Remuneration includes a significant performance related bonus with no upper limit, and promotion is solely on merit. Relocation expenses will be paid, where appropriate.

Please telephone or write in strictest confidence to John Cameron, quoting reference CF875, at 84/86 Grays Inn Road, London WC1X 8AE (telephone: 01-404 5971).

CAMERON · SIMPSON
Consultancy · Search · Selection

New Initiatives for Fixed Income Specialists

£Highly Competitive

A well-established US investment house with a continuous and successful presence in the London fixed income markets is embarking on an exciting expansion programme.

Their aim is to recruit high-calibre professionals to be a part of these new initiatives. Standards are high but rewards compatible.

MORTGAGE-BACKED SECURITIES
Active trading experience of mortgage-backed securities is required. These products form part of the diversification programme and the role will entail a good deal of marketing. Candidates may currently be working in London or New York and a trading background in the US Treasury market would be a distinct advantage.

US TREASURY SALES
At least 2 years' experience of US treasuries will have been gained with a leading player. An aggressive approach will have built up a number of established accounts.

FIXED-INCOME GENERALISTS
Successful multi-currency bond salespeople, with at least 2 years' experience are sought. Candidates will have an established client base, although the geographical location of that base is not as relevant as the amount of business that can be generated from these accounts.

Interested applicants should contact Jane Harvey, on 01-404 5751, or write to her, enclosing a comprehensive curriculum vitae at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP
Michael Page City
International Recruitment Consultants
London Paris Amsterdam Brussels Sydney

CHASE

GLOBAL CUSTODY

The Premier Global Custodian

Are you:
- *A Financial Salesman or Banker who thrives on New Business Opportunities?*
- An ambitious marketeer of international security products?
- A Settlements Professional with an aptitude for marketing?

Global Custody is one of the few consistent success stories in banking with a market that is growing and diversifying at an exciting rate. The Chase Manhattan Bank N.A. dominates that market by volume of business and the quality of its products and services. These two new positions are a result of the anticipated growth and Chase's commitment to this industry.

RELATIONSHIP MANAGER c.£25,000
The successful candidate will be responsible for the management of major client relationships and marketing to major investment institutions — banks, pension funds and insurance companies in the UK and Europe; develop of New Business opportunities for Global Custody and other Chase products; advising clients (at the highest level) on technical aspects of Global Custody. An ideal role for someone in a Settlements function who feels they have innate marketing skills; or a real career opportunity for a banker with knowledge of these products.

NEW BUSINESS EXECUTIVE c.£35,000
This role requires an executive able to market effectively to major institutions, identifying prospects, making first class presentations and proposals, and includes in-depth involvement with the negotiation of new contracts. In addition, the incumbent will be responsible for co-ordinating marketing campaigns, advertising and PR. This position requires superb selling skills gained in a banking or financial environment, plus keen business skills for the contract negotiation area.

Salary will not be a limiting factor for the right candidates. Remuneration includes normal banking benefits, potential performance related bonus and a company car. In the uncertainty of the banking market, Global Custody is set for consistent growth and profitability, and there are real career prospects in the institution that lead the field.

Interested candidates should send a detailed C.V. to Kevin Byrne at the address below, or phone 01-248-3653 for an application form. All applications will be treated in the strictest confidence.

60, Cheapside, London EC2V 6AX

BBM
ASSOCIATES

Telephone: 01-248 3653

CONSULTANTS IN RECRUITMENT

WAR ON WANT

WAR ON WANT
HEAD OF FINANCE AND ADMINISTRATION DEPARTMENT

War on Want is a major third world development agency currently in the process of implementing its new management and staffing structure in response to recent growth.

The Management Team will be composed of the General Secretary, the Heads of three new departments and a person to replace the existing Head of Finance and Administration who resigns his post shortly. The person appointed will be responsible for the coordination and control of the organisation's finances and for the central provision of personnel, administrative, maintenance and general office management services.

Candidates with relevant qualifications will be experienced in financial management and accounting, and in general administration, preferably in the voluntary sector.

SALARY : £19,193 per year

For job description and application form please write to:
Personnel Office
War on Want
37-39 Great Guildford Street
London SE1 0ES

CLOSING DATE FOR RETURN OF COMPLETED APPLICATIONS FORMS: FRIDAY, 15 APRIL 1988

Merchant Navy Investment Management Ltd
FAR EAST EQUITIES ASSISTANT PORTFOLIO MANAGER

Merchant Navy Investment Management is an independent, profitable, well capitalised investment management company, operating in the City of London and managing assets on behalf of pension fund and investment trust clients.

We now have a vacancy for an assistant to the portfolio manager to cover Far East quoted equities. Applications are invited from candidates with experience in Far East equity fund management, keen to work within a relatively small team where the accent is on individual contribution to the overall effort and where that contribution is recognised and rewarded.

Compensation and appropriate benefits will be competitive and attractive. If you are looking for a secure base where your success is seen to matter write enclosing your CV to:

John Prigent
Merchant Navy Investment Management Ltd.
30 Finsbury Circus
London EC2M 7QQ

Head of Securities Settlements

City–£ Negotiable+full banking benefits

This progressive, highly-respected, independent UK fund management organisation seeks an experienced settlements professional to head up its securities department at Assistant Director level.

Candidates, unlikely to be under 35, will have a broad range of experience of various settlements areas, ideally including New Issues, Dividends, Contracts, UK and Overseas Transfers and Fixed Income instruments. This experience is likely to have been gained in a Merchant Banking environment.

Systems expertise, perhaps gained in a start-up environment, would be a distinct advantage, as the successful applicant will be involved in controlling the maintenance and development of a newly installed computer system.

This challenging role demands the ability to assume immediate responsibility for a team in excess of 50 people. Candidates must be able to demonstrate strong management skills and have the necessary poise to structure a large team and to direct its long-term development.

In return, you will benefit from working for a stable and prestigious name, whose consistent record of excellent performance will match your own.

Interested candidates should contact Sarah-Jane Wittridge or Jane Harvey on 01-404 5751, or write to them in strict confidence, at Michael Page City, 39-41 Parker Street, London WC2B 5LH.

MP

Michael Page City

International Recruitment Consultants

London Paris Amsterdam Brussels Sydney

Institutional Equity Sales

Paris **Very attractive package**

Our client, a major brokerage house in Paris, is seeking to recruit an institutional equity salesperson.

Reporting directly to the International Department Director, the successful candidate will be in charge of selling the French Equity Market to leading Anglo-Saxon Institutions.

This highly attractive position requires an excellent knowledge and understanding of major UK and US Institutional Investors, strong interpersonal skills and a high-level of self-motivation.

A good experience of the French Equity Market would be a definite advantage.

Contact Antoine Kamphuis in Paris on 010.33.1.42.89.30.03 (on 010.33.1.40.70.00.36 'til end of March) or write, enclosing a full CV to Michael Page France, 10 rue Jean Goujon, 75008 Paris, France. (Quote Ref: AK87FT).

MP

Michael Page France.

Specialist in Banking Recruitment

CJA

RECRUITMENT CONSULTANTS GROUP

3 London Wall Buildings, London Wall, London EC2M 5PJ

Tel: 01-588 3588 or 01-588 3576

Telex No. 887374 Fax No. 01-256 8501

CJRA

MARKETING DIRECTOR and SENIOR BANKING ANALYST

CYPRUS OR LONDON **up to US $45,000+BONUS+EQUITY SHARE**

Our clients provide a comprehensive range of Institutional and Country Reports, Credit Evaluations and Performance Reviews of Banks in the Middle East and Asia. Their production unit, based in Cyprus, has an international client base, which includes leading financial institutions who value the independent, in-depth and constantly up-dated services provided. These are produced by a team of Analysts, regularly visiting designated countries and meeting Senior Bankers in the subject Banks as well as Auditors, Central Bankers and other top professionals in the financial sector, to ensure valid analyses and ratings. As a result of expansion, our clients invite applications from candidates with experience in international banking and credit analysis for the position of **MARKETING DIRECTOR** (ref MD 20767/FT) to sell the company's services throughout Europe. Applications are also invited from bank relationship specialists for the position of **SENIOR BANKING ANALYST** (ref SBA 20766/FT), to join the high profile team interfacing with financial institutions in the Middle East and Asia and producing a wide range of reports/reviews. An attractive location, considerable overseas travel and a competitive remuneration package, including equity options, is offered. Interviews will take place at our offices in late April. Applications in strict confidence, under the appropriate reference above will be forwarded unopened to our client unless you list companies to which they should not be sent in a covering letter, marked for the attention of the Security Manager: CJRA.

3 LONDON WALL BUILDINGS, LONDON WALL, LONDON EC2M 5PJ. TELEPHONE 01-588 3588 or 01-588 3576. TELEX: 887374. FAX: 01-256 8501.

Economist

Health Care Studies

A leading UK health care company is seeking an economist to join its corporate planning and business strategy group.

The role is to provide specialist analytical input to the company's business development plans, with an emphasis on practical policy outcomes. Application of cost/benefit analysis techniques in the health care context will form an important element of this work.

You must either be an economist by training or have practical experience of health economics issues, possibly supplemented by a business studies degree. If you are not already in the health care industry, your background could include central government, consultancy, the National Health Service or higher education.

Salary and benefits are in line with the best in industry. Location: London.

Please write in confidence to Jane Watts, quoting ref: SF886, at 84/86 Grays Inn Road, London WC1X 8AE.

CAMERON · SIMPSON

Consultancy · Search · Selection

Relationship managers

Private Banking

Citibank's Private Banking Group provides a full range of banking and investment services to wealthy clients around the world. We now require two experienced managers, to be based at our Berkeley Square offices. They will develop and maintain profitable, long-term relationships within their regional markets, and market banking, credit, trust and investment products.

NORTH ASIA

You will almost certainly be a private banker with a good knowledge of the region and with proven marketing skills in this area. Ability to speak Cantonese and, if possible, Mandarin would be very useful.

EUROPE

Investment and market development experience is a particular requirement in this position. It is possible, therefore, that you will come from a corporate or individual investment background, although private banking relationship management experience would obviously be an advantage.

Both positions carry an attractive salary and full banking benefits. Please respond by sending a full C.V. and details of your current salary to Derek Froud, Personnel Co-ordinator, Citibank Private Banking Group, Berkeley Square House, Berkeley Square, London W1X 6NA.

CITICORP CITIBANK

Citicorp Investment Management Fixed Income Dealer

Citicorp's successful Investment Management Group is looking to hire a Dealer to trade on behalf of the Fund Managers based at Cottons, our prestigious offices close to London Bridge.

The candidate should have good interpersonal skills and will primarily be responsible for executing deals in Fixed Income Securities in all currencies under instruction of the senior dealer and fund managers. Several years related dealing experience is essential. In addition, the successful applicant will also be expected to trade in Money Market Instruments, Deposits and Foreign Exchange. The compensation package will be competitive.

Please respond with a detailed CV to Jayne Norman, Personnel Dept., Citibank NA, P.O. Box 78, 336 Strand, London WC2R 1HB.

We are an equal opportunity employer.

CITIBANK

A Citicorp Company

International Economist

From £20,000 + banking benefits

London

ANZ Group is a major international banking organisation employing some 38,000 people in over 40 countries. The Group's International economics activity is co-ordinated from London, where a vacancy exists for an experienced International Economist.

The work is varied and demanding, focusing on preparing detailed economic and balance-of-payments forecasts for the main European economies (and also for some of the South Asian, Middle Eastern and African countries where ANZ Group is most active), assessing their implications for exchange rates, interest rates and balance-sheet exposure.

The position requires good communications ability and micro-computer familiarity, as well as a strong academic background (first or upper second economics degree, and relevant second degree). The ideal candidate has probably spent 3-4 years with an internationally oriented financial institution, official agency or consultancy, and is now looking for a challenging opportunity to apply his/her professional skills in an expanding international bank which offers a variety of career paths.

Salary will depend upon qualifications and experience, but will be at least £20,000 pa (and could be significantly more for an exceptional candidate), supplemented by a generous benefits package.

Please write with full career details, to: Mrs G M Sullivan, Recruitment Officer, Australia and New Zealand Banking Group Limited, PO Box 7, Minerva House, Montague Close, London SE1 9DH.

ANZ Group

JonathanWren

"GUIDE TO CURRENT SALARIES IN BANKING"

(Published March and September)

and

"SURVEY OF FRINGE BENEFITS IN BANKING"

(Published Mid-Summer)

For further details on these valuable and informative publications please contact Cheryl A. Ayre on 01-623 1266.

LONDON HONG KONG SINGAPORE SYDNEY

JonathanWren

Recruitment Consultants

No.1 New Street, (off Bishopsgate), London EC2M 4TP.

Telephone: 01-623 1266. Fax: 01-626 5258.

ifpi

LEGAL ADVISER

IFPI (International Federation of Phonogram and Videogram Producers) represents the worldwide music industry and safeguards the interests of its member countries in over 60 countries.

We are seeking a lawyer with knowledge of copyright and related legislation. In particular, experience of European Community law is essential as the person appointed will be closely involved with IFPI's campaign at the EC level.

Candidates should be qualified to practise in an EC member state, be fluent in English and at least one other major European language. Knowledge of the music industry would be an advantage.

An attractive salary and benefits will be paid in line with qualifications and experience.

Applications should apply in writing with full career details to Ian Thomas, Director General, IFPI Secretariat, 54 Regent Street, London W1R 5PJ marking the envelope "Confidential/L.Ad"

SUCCESSFUL JOB SEARCH

ARE YOU A SENIOR EXECUTIVE SEEKING A NEW FINANCIAL APPOINTMENT?

We are the professionals who can advise and help you. *Since 1980,* Connaught's executive clients have accessed unadvertised vacancies, obtained interviews, found the right jobs and reduced job search time.

Contact us for an exploratory meeting. It is without charge and we will tell you if we can help and at what cost; it may be easier than you think. *Expats enquire about our special service.*

London: 32 Savile Row, London W1X 1AG. Tel: 01-734 3879 (24 hours).
Bristol: Maggs House, 78 Queens Road, Clifton BS8 1QX. Tel: 0272-226833.

Connaught

Why commute when you have the City of London on your doorstep?

Stockbroking

Bury St. Edmunds **£12,000-£15,000 + attractive package**

CL-Laing and Cruickshank Investment Management Services is a division of CL-Alexanders Laing and Cruickshank and is one of the country's leading Private Client stockbrokers. In Bury we have a superbly equipped office giving immediate access to dealers, TOPIC, etc. – simply like being in the City of London itself.

Due to the expanding demand for our services we are now seeking a Registered Representative with 2 years' stockbroking and investment advisory experience to work with our Branch Director in Bury. Most of our business involves dealing directly with private clients or with Solicitors and Accountants.

A base salary of £12,000-£15,000 is envisaged, plus a bonus based on profit share. We also offer a fully comprehensive benefits package, including mortgage subsidy and private medical care.

Please write with full c.v. or telephone: Tony Cronin, Director, CL-Laing and Cruickshank Investment Management Services, Piercy House, 7 Copthall Avenue, London EC2R 7BE. Tel: 01-588 2800.

CL-Laing & Cruickshank Investment Management Services

A MEMBER OF THE CREDIT LYONNAIS GROUP

ARTS

Television/Christopher Dunkley

Pop goes the youth cult

Today the phrase "Elvis The Pelvis" sounds like a joke, but in the fifties when it was current it had a very serious meaning for middle class middle aged Americans: they saw nothing entertaining in the singer's thrusting hip movements, especially when accompanied by the curled lip and the leer. Teenage girls should not be allowed to set eyes on such things, they declared, and so television showed his performance only from the chest up.

Less than ten years later British parents were worried not only about their daughters, but their sons too: Mick Jagger had assimilated the Elvis hip movement, added a shimmy, exaggerated the pouting of his lips, and produced an androgynous effect which, in the minds of middle England, represented a threat to both sexes. Furthermore the Rolling Stones took drugs and urinated on garage forecourts. Rock and roll was *dangerous*.

David Bowie, alias Ziggy Stardust, was both the climax to this movement and the beginning of the end: where Jagger's sexual ambivalence was studiously provocative Bowie's was somewhat disarming since it seemed to suggest a real uncertainty; if Jagger was pre-war Berlin reincarnated, Bowie was closer to pre-war Paris.

From the mid fifties to the mid seventies rock and roll provided a rallying point for rebellious youth. Whatever the musical flavour of the month, whether The Animals or Led Zeppelin, whether you were watching *Top Of The Pops* or *The Old Grey Whistle Test*, you could be fairly sure of one thing: your mother wouldn't like it. Switch on any of the numerous music programmes supposedly intended for teenagers today and what do you find? Kylie Minogue, star of the Australian soap opera *Neighbours*, with a perm and a strapless black evening dress singing "I Should Be So Lucky." Your mother probably loves it.

As with so many other aspects of the sixties, many who followed rock music at that time thought that we were witnessing the start of a major and irreversible revolution, but hindsight suggests otherwise: the sixties were an aberration and we are returning – have already returned, perhaps – to the status quo: the age of Aquarius and the reign of rock music are over and we are back to pop.

The irony is that today, with pop music at its most uninteresting for 30 years, there are more programmes in this area than ever before. In addition to BBC1's *Top Of The Pops (TOTP)* you can now watch *America's Top Ten*, and *Roxy The Network Chart Show* on ITV; two half-hours of *The Chart Show* on Channel 4 (or, in the case of this Friday an uninterrupted hour); and, on Fridays, Saturdays and Sundays in the south east, and several other areas, London Weekend Television's *Night Network* which normally runs for several hours, filling much of that time with pop music or the discussion of it.

Yet the extraordinary thing is that despite this enormous increase in programmes, there is less variety today than 15 years ago when your choice was limited to *TOTP* and *The Old Grey Whistle Test*. *TOTP* was then what it had always been and still is: a chart based show featuring groups from the Top 20. The only major innovation in the long history of the programme – it celebrates its silver jubilee next year – has been the arrival of the pop video. Today you are as likely to see a group or singer on video as miming to playback (or even singing live) in the studio. Today as then young children make up a large proportion of the audience which also includes plenty of adults.

The Old Grey Whistle Test aimed for quite a different audience: the "serious" follower of rock music who was less interested in the Top 20 than in the byways of the business: Cream rather than the Bay City Rollers, Velvet Underground rather than the Beach Boys. Today there is no equivalent to the much missed *Whistle Test* and, whatever their producers may say to the contrary, all the pop series now running are more or less clones of *TOTP*.

In the business this is, of course, furiously denied. Certainly in the world of television and, by all accounts, in the music industry too, it is *de rigueur* these days to maintain that *TOTP* is a laughably old fashioned and vulgar show for toddlers, whereas the pop shows elsewhere, especially on Channel 4 – *The Tube*, *Roxy*, *The Chart Show* and so on – are slick, *state-of-the-art stuff for the cognoscenti*. It suits older teenagers to take the same attitude, yet to any objective outsider it seems pretty clear that this is mere whistling in the dark.

The main difference between *TOTP* and the others is that the first is a massive ratings success, still able to attract more than 10m viewers after 24 years, while the others have neither the staying power (*The Tube* is dead and *The Roxy* dying) or the audience pulling power. Moreover they all look quite startlingly similar; so much so that a non-fan switching into any of these programmes half way through would be quite *unable to say* which he was watching.

In the case of *The Chart Show* it would eventually become clear because this series, produced by Keith MacMillan who helped to start Channel 4's Sunday morning series for teenagers, *Network 7*, eschews presenters altogether and, presumably, minimises its budget by using no live music at all. It consists entirely of pop videos with snippets of written information about the performers sometimes superimposed on screen, in the style now identified with *Network 7*. It also runs specialist top tens for fans of soul music, heavy metal and so on but the fact remains that the central body of material contains the same pop videos – the Pet Shop Boys, Bros and so on – that are shown everywhere else.

Mick Jagger: a threat to both sexes in the sixties, and the Pet Shop Boys, darlings of the current pop programmes

There never was much creative input to the pop programmes in television terms: it was always the aim of performers to promote their records and concert tours, thus they were intent upon conveying a pre-ordained sound and look. But today, with every series being given the same pop videos, there is even less opportunity for producers to do anything but add the most superficial gloss of individuality. Pop programmes have become the willing slaves of the music industry with the result that you see the same thing wherever you look.

At present that happens to be femininity, regardless of the sex of the performer. After 20 years of the women's movement, with Suzi Quatro still in her macho leather put out to grass as the hostess of a daytime chat show, the pop series are bringing us a succession of pretty young boys with willowy hips and piping treble voices: Erasure, for instance, with their "Oo, oo-oo, oo-oo-oo" and effeminate swaying; Bros with their ear rings and the same high pitch; and The Communards whose lead singer is up at dog whistle level.

On the female side they are parading a string of teenage bimbos who would make Humbert Humbert tumesce in his grave: Patsy Kensit singing "I Don't Care" in a mini dress which starts half way down her chest and stops a third of the way down her thighs; Heart, two girl singers with lashings of backcombed fair hair and gallons of cleavage; Vanessa Paradis looking like an infant Bardot.

That is a predictable reaction to the women's movement, and will no doubt pass, but more important is another predictable change which has not yet occurred. Very soon we are going to see even more series aimed at teenagers: Michael Grade at Channel 4 has scrapped programmes for small children and announced his intention of doing more for teenagers, and the BBC has taken on Janet Street-Porter, originator of *Network 7* to concentrate on such programmes for them.

Despite the present over-abundance of pop programmes, despite the fact that millions of teenagers could not care less about pop music, despite the fact that millions of adult fans of specialist rock, jazz, folk and other music forms have never been properly served by television, we are clearly about to see another explosion of "yoof" series which, with desperate lack of originality, will yet again use pop music as a major ingredient. You have been warned.

Mignon/Tours

Ronald Crichton

Once upon a time *Mignon* was among the most popular of all operas, reaching the 1,000th performance at the Opéra-Comique less than 30 years after the première in 1866, a corner-stone of the repertory until well into the present century. Then near-oblivion for the work and its composer Ambroise Thomas. After *Mignon* and the comparably successful *Hamlet*, Thomas settled down to a long spell as director of the Paris Conservatoire. Later works were *failures*: by Parisian standards he had been about for too long. Though he looked the part so well, he never became a Grand Old Man, rather an object of scorn to younger musicians.

In a typically throw-away line Ernest Newman described Thomas as "one of the masters of French operetta . . . with a certain gift for bigger things." *Mignon*, like *Faust* and *Carmen* started life as an opéra-comique with spoken dialogue. The recitatives were added, in Italian, by the composer, for Drury Lane in 1870. There were other additions, including the sung version of the famous gavotte, allotted to Frédéric, the love-lorn youth now promoted from buffo tenor to travesti mezzo for the sake of Zélia Trebelli.

Later, out of respect for German susceptibilities concerning Goethe, on parts of whose *Wilhelm Meister* Barbier and Carré had based their libretto, a tragic ending was cooked up. Mignon, finally convinced of Wilhelm's love, is reunited with her father (the so-called Lothario) after years of unwitting vagabondage in his company, and is back at last in beloved Italy. Instead of becoming reconciled to the volatile but good-natured Philine and marrying Wilhelm, she gently expires. In his essay on *Mignon* for the 1986 Wexford Festival, Max Loppert described this ending as a "feeble, perfunctory piece of contrivance." Yet the French producer *Michel Giès* chose the "German version" in order, he said, to come closer to Goethe.

Giès also elected to use the recitatives – a curious decision with a Francophone cast, since they add unwanted weight to a score distinguished by lightness of texture, while Thomas ends his numbers in such a craftsmanly way that they invite well-spoken dialogue rather than stodgy recitative. Giès included Philine's "*Alerte, alerte*," a showpiece written for London but not given there and not orchestrated by the composer. The final scene is a mess that will probably never be satisfactorily cleared up. The solution chosen for this staging is not one to follow.

In place of the gallery with doors which have a function in the story, we had a Böcklin landscape with rocks through which Lothario advances with the casket containing mementoes of Mignon's dimly remembered childhood. When light dawns she sings a fortissimo reprise of "Connais-tu lepays," totters about until the company has assembled, then falls dead. The sets by Jacques Griesemer were pretty in two different styles, cut-outs and filmy coloured drapes. Alain Roussels's costumes were well above average, but the general effect was wishy-washy in the manner of the ENO *Mireille*. *Mignon* will surely return to the repertory, but she deserves sounder preparation and firmer all-round handling than this.

The appealing heroine was Marie-Thérèse Keller, singing musically with taste and clean intonation but oddly stiff and jerky in her movements for a girl who had been a circus artist. Wilhelm, as drawn by Barbier and Carré is little more than a mouthpiece for some melting solos, excellently sung by Christian Papis, a lyric tenor of clear promise. Mignon and Wilhelm's potentially mawkish duet in the last act was most delicately done. Anna Holroyd's sparkling Frédéric was just right – surely this is a future Mignon?

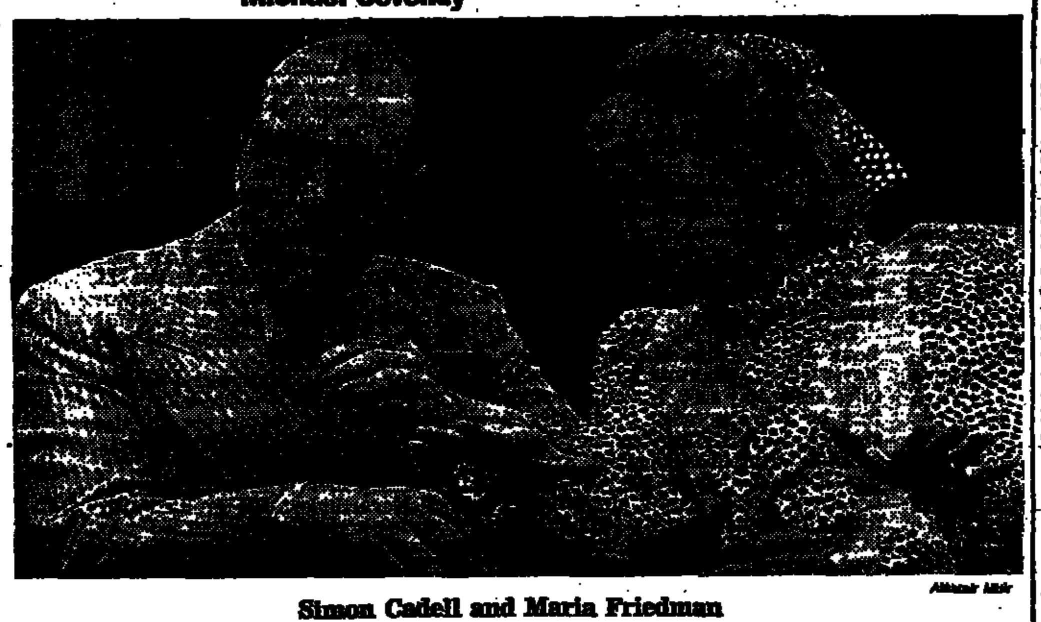
Elena Vassilieva performed Philine's coloratura flights fluently but with glassy tone in the higher regions – the character is more than an automatic warbler. The melancholy harper Lothario was taken by Pierre-Yves Le Maigat, a dependable artist but not the basse chantante the role requires. The Laerte, André Battedou, sang better in the CBS complete recording. The conductor was Robert Martignoni, always heedful of the singers (hardly a word went astray), short on muscle in the last act. The production was shared by Tours with the composer's birthplace, Metz.

The Musical Comedy Murders of 1940/Greenwich

Michael Coveney

The Musical Comedy Murders of 1940 by John Bishop, a comedy thriller spoof recently originated in New York by the Circle Rep, is just the sort of off-beat, well-cast and unexpectedly enjoyable production we have come to expect from Alan Strachan's regime at the Greenwich Theatre. Various Governors and so-called "Friends" who have just knifed Mr Strachan in the back have no doubt been studying the genre.

In many ways the show is typical of Mr Strachan's tactful impresarial instincts. The script is much wittier than its obvious "*murder in the midnight mansion*" models of Agatha Christie and, in more melodramatic vein, the 1922 stage thriller that spawned so many film versions, *The Cat and the Canary*. It has the advantage of a knowing, stylistic objectivity. And it can juggle around camp references and narrative excess without falling between stools.



Simon Cadell and Maria Friedman

The writing sees to that. And Peter Farago's splendidly organised production combines chill surprise with hilarious incongruity. The play opens with a murdered maid obtruding from curtains and cupboards like a balletic stiff while a masked intruder tries desperately to cover his tracks. Enter Margaret Courtenay, massive in turquoise and swept back hair, to dismiss Churchill's fighting words on the wireless. She is Elsa von Grossenkneuten (hard "k"), hostess and potential backer of a new Broadway musical.

Her guests have the task of impressing a producer, Marjorie Baverstock (Jacqueline Clark), with some palpably dodgy material. In between murders, accusatory conversations and mishaps in the passages beyond the reversible bookshelves, this stuff is put across with grotesque enthusiasm by Simon Cadell as Eddie McCuen, a self-confessed comedian who played bits in *Hellzapoppin*, and Maria Friedman as Nikki Crandall, a suspiciously bright actress who both sings and keeps her eye on the plot.

There is also a glassy-eyed, crazed film director (Tom Baker) whose work has either been rightly underestimated or never released, an increasingly tipsy librettist quite brilliantly played by *Sheila Steafel*, and her plumply acidic composer partner (Robert Austin). This lot were involved in a show where the "Stage Door Slasher" claimed the lives of three chorus girls. That *scandal is cleverly shadowed* by the delicately transvestite presence of Simone (sic) Butteriss as a closet maid.

Much of the evening's comic energy emanates from Mr Cadell, a sort of transplanted Aldwych farce character, who uses these grisly circumstances as a rehearsal facility. He knocks 'em dead in a most unconventional manner. There is notably expert straight-faced support from Doyle Richmond as a black valet and Albie Woodington as an Irish actor who comes in from the *snow in search of "a shivel."* He's called O'Reilly. As somebody else inevitably says, oh really.

Pro Musica Sacra/St John's

David Murray

On Monday Bruno Turner, whose services to Renaissance music have been invaluable these many years, conducted luminous performances of *Hispanic* motets for Holy Week – from Mexico as well as Spain – and a Portuguese requiem mass. The Pro Musica Sacra choir proved worthy rivals to Harry Christophers' equinumerous group The Sixteen (which is unqualified praise), and the programme was cannily interspersed with music for a fine quartet of London Wind Consort cornetts and sackbuts. It was a concert that should have had a rapturous audience several hundred strong, not just the modest band of devotees who actually came. People flocked to Roger Norrington's revelatory Schütz series in the '60s, after all; somebody must market Turner's discoveries better now.

All the music in this Holy Week concert was devoutly sober – even the wind motets, though António de Cabezón's "Tiento quarti toni" made an energetic secular interlude – but the quality of the execution ensured that one's attention was always gripped, and the ripe St. John's acoustic was ideally flattering. Whether *singing in four parts*, six or eight, Pro Musica Sacra offered scrupulous lines and superlative pitch. Some period-enthusiasts might like more experimenting with harshly pure Iberian timbre; that would be interesting, but it could scarcely make the music more transparent than in these fastidiously sympathetic readings.

In the first group of motets, late 16th-century Spanish composers were followed by the Mexican Juan Gutiérrez de Padilla (d. 1664): a pair of motets for three high voices floating far above the bass fourth – vividly theatrical after the preceding music in four blended parts – and two fervent verses of the *Stabat Mater*. The programme-notes referred tantalisingly to a five-voice Padilla setting ("of pungent brevity") of the text "Versa est in luctum," but *we had to be content* with six-voice versions by three distinguished Spaniards: plangent grief from Vivanco (a first modern performance, this) and Victoria, radiant acceptance from Alonso Lobo.

The imposing Requiem Mass was by Duarte Lôbo, master of the Hospital Real chapel in Lisbon for more than forty years. Richly balanced in eight parts and sternly expressive, homophony mostly reigned, set off by the occasional florid gesture or descant. The offertorium "Domine, Iesu Christe," more contrapuntally expansive, showed an expert *hand. Turner slipped an apposite* funerary motet into the Mass, and framed the whole with wind-music by Juan Vásquez; and as a characteristic finishing touch, he concluded it with a tonally suspended plainchant. Altogether a rewarding experience: more people should have shared it.

Raping the Gold/Bush

Claire Armitstead

Lucy Gannon is that interesting and enviable phenomenon: a woman who, having spent the early part of her career doing one thing, turns round and proves she can do equally well at another. A residential care worker for 20 years, she follows her Richard Burton Award win last year with a play that is fascinating not so much in its subject *matter – Raping the Gold is* recession drama in the mood of the early '80s – as in its delight in raw theatricality. Here are big, strong symbols used without self-consciousness but equally without pretentiousness and allowed full rein by director Debbie Shewell.

Pre-eminent among them is the bow and arrow, symbolic of male sexuality and also of its obverse, violence, in a society that has lost its context and its self-respect. Another interesting thing about Ms Gannon is that she should choose to focus her work so entirely on male manifestations of *social unease. Her one* female character, Sally, is daughter of one man and girlfriend of another.

Without intending any disrespect to Sophie Thursfield, who gives a poised account of middle class rootlessness in a Northern industrial town, Sally exists in the context of a power and a pride handed down through generations of working men. The result of their passing is "tears and semen" in her unemployed black boyfriend and an almost onanistic preoccupation with archery in her redundant father.

The play is uncompromisingly *set by designer Paul Brown on an* archery field – a dagger of green sward which slews up against the audience. Here it is that the Milsham archers meet every Friday for their ritual loosing of shafts against paper. For Paul Copley's wimpish schoolteacher, Stuart, the sessions are a vindication of leisure in education; for Gabby, redundant "gaffer" at the local engineering works, it is a religion.

Trevor Peacock opens and closes the evening poised to shoot – not at a target, but at Stuart, embodiment of the sorrow that comes with learning, and also of the the compromise that comes with committees. In a superbly dramatic couple of confrontations, the teacher is singled out as enemy – first by Paterson Joseph's passionately dispossessed Leon; then by the stooped and shuffling Gabby.

Arts Guide

March 25-31

Theatre

LONDON

The Best of Friends (Apollo). John Gielgud makes probably his last appearance on the London stage as Sir Sydney Cockerell, a museum curator and friend of Shaw (Ray McAnally) and a remarkable abbess (Rosemary Harris). (437 2663, CC 434 3598)

South Pacific (Prince of Wales). Average, traditional revival of the great Rodgers and Hammerstein musical. Gemma Craven fails to wash the baritonal Emile Belcourt out of her hair.

Shirley Valentine (Vaudeville). Pauline Collins in fine and funny monodrama by Willy Russell of liberation for a Liverpool housewife on Corfu. Shades of Ibsen's Nora and Beckett's Winnie, with jokes. (836 9987, CC 379 4444)

The Phantom of the Opera (Her Majesty's). Spectacular emotionally nourishing new musical by Andrew Lloyd Webber. (839 2244, CC379 6131/240 7200).

Follies (Shaftesbury). Stunning revival, directed by Mike Ockrent and designed by Maria Bjornson, of Sondheim's 1971 musical in which poisoned marriages nearly undermine an old burlesque reunion in a doomed theatre. (379 5399).

Serious Money (Wyndham's). Transfer from Royal Court of Caryl Churchill's slick City comedy for champagne-swilling yuppies; how the Big Bang led to class tumult and barrow-boy dealings on the Stock Exchange. (836 3028, CC 379 6565).

NEW YORK

Fences (46th Street). August Wilson hit a home-run, this year's Pulitzer Prize, with the powerful tale of an old baseball player raising a family in the 1950s, trying to improve their lot but dogged by his own failings. (221 1211).

Cats (Winter Garden). Still a sellout, Trevor Nunn's production of T.S. Eliot's children's poetry set to trendy music is visually startling and choreographically feline. (239 6262).

42nd Street (Majestic). An immodest celebration of the heyday of Broadway in the 1930s incorporates gems from the original film, like Shuffle Off To Buffalo, with the appropriately brash and leggy hoofing by a large chorus line. (977 9020).

A Chorus Line (Shubert). The longest running musical ever in America has not only supported Joseph Papp's Public Theater for eight years but also updated the musical genre with its backstage story in which the songs are auditions rather than emotions. (239 6200).

Phantom of the Opera (Majestic). The Majestic Theatre, stuffed with the Maria Bjornson gilded sets, rocks with Andrew Lloyd Webber's haunting melodies in this mega-transfer from London. (239 6200).

Les Misérables (Broadway). Led by Colm Wilkinson repeating his West End role as Jean Valjean, the magnificent spectacle of Victor Hugo's sweep of history and pathos brings to Broadway lessons in pageantry and drama, if not strict adherence to its original source. (239 6200).

Starlight Express (Gershwin). Those who saw the original at the Victoria in London will barely recognise the American incarnation: the skaters do not have to go round the whole theatre but get exercise in the spruced-up stage with new bridges and American scenery to distract from the hackneyed pop music and silly plot. (586 6510).

Me and My Girl (Marquis). Even if the plot turns on ironic mimicry of Pygmalion, this is no classic, with forgettable songs and dated lameness in a stage full of characters. But it has proved to be a durable Broadway hit with its marvellous lead actor preferably British. (947 0033).

CHICAGO

Landscape of the Body (Goodman). John Guare's 1977 surrealistic view of an American family, combining mystery, murder and lyrical passages features Amy Elizabeth Gale, Gary Bradford and Gary Cole in Robert Falls' production. Ends April 3. (443 3800).

WASHINGTON

The Search for Signs of Intelligent Life in the Universe (Eisenhower). Lily Tomlin repeats her Tony-award winning solo performance of the crazy people who inhabit her funny and strange imagination. One major segment explores the women's movement over the past decade. Ends June 26. (254 3670)

AMSTERDAM

Emerald City (Bellevue Theatre). The English-Speaking Theatre Company in David Williamson's fast-moving commentary on life in Sydney's media jungle. (24 72 48).

Saleroom/Antony Thorncroft

Back to earth again

After the Lord Mayor's Show . . . Christie's got off to a tremendous start on Monday night when it sold top quality Impressionists and Moderns for £18,540,500, with only 12 per cent bought in. Yesterday it returned to earth, disposing of second division pictures of the same period for £2,518,010 and with a more hefty 28 per cent bought in.

The Monday auction showed how quickly the market has picked up at the top end after the October stock exchange crash. Indeed there was only ever the slightest dip in demand. The £4,840,000 paid by a telephone bidder for a Modigliani portrait of his friend, the Greek composer Marios Varvoglis, was double estimate and particularly encouraging. It was a fine, large, canvas, and has the added interest of being perhaps the last Modigliani ever painted.

In comparison the important Degas of laundry maids, "Blanchisseuses portant de linge," was slightly disappointing, selling over the phone for £3,960,000: Christie's must have hoped for a little more. A Fantin-Latour of flowers confirmed his current popularity, making £1,045,000. The only major disappointment was a rather ugly Modigliani painting of a caryatid which never got near its £1m reserve.

Yesterday market realities asserted themselves. There is less demand these days for paintings of less than first rate quality. The new rich, who could suddenly afford £100,000 or so for an Impressionist, were the main sufferers from the markets crash: the mega rich were cleverer, or well bolstered enough, to ride out the storm.

Top price yesterday at Christie's was the £126,500 paid for "La sieste" by Courbet, which shows a man dozing in a field. A view of the river Seine at Montigny by Albert Marquet almost doubled its estimate at £115,500 and "Nature morte au carafon," a 1938 Braque was on target at £104,500. The same sum secured "Les trois graces" by Dufy.

Phillips sale of Impressionists and moderns on Monday was just as patchy, partly because some of the works on offer never arrived in the UK due to transportation problems. Top price was the £63,800 paid for "Les bords de la Marne" by the prolific Henri Lebasque.

At Spink yesterday there was an exceptional price of £16,500, double the estimate, paid for the last gold coin issued by the Grand Masters of Malta, probably in 1798. The Maltese coins were much in demand and a very rare Four Tari, issued in 1622, which was estimated at £200, actually sold for £7,700.

On Monday Spink sold Geoffrey Kaye's collection of farthings. The highest price was the £1,078 paid for an undated copper farthing of Oliver Cromwell. A William III farthing of 1696 did well at £418. There was less interest in gold coins, and a Cromwell half broad of 1656 was bought in at £5,800.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Wednesday March 30 1988

Objections to the Rover bid

TO SAY that Rover Group is to be sold for a giveaway price is a less than accurate description of what the British government is proposing to do with the state-owned car manufacturer. The implication of the decision to write off past debts and inject a further £650m into the business before the sale of the group is that the government is actually paying British Aerospace to take one of its biggest industrial headaches off its hands.

While this may cause a hue and cry on the opposition benches, it is not in itself objectionable if the terms reflect a reasonable assessment of future prospects — and it has to be said that even with Rover back in profit those prospects remain problematic. Assuming that British Aerospace is not ultimately driven back into the government's arms if the deal turns sour, the taxpayer will have been protected from the risk of any future losses. There will also be wider economic benefits in the shape of private sector financial discipline and a reduced likelihood that the business will be subject to political manipulation.

That said, the real objection to the proposal continues to be that the basis on which the government has chosen to negotiate appears more designed to save political face than to protect the taxpayer's interest. By negotiating exclusively with BAe, ministers have reduced the opportunity for other interested parties such as Ford Motor Company to come in with higher bids. The reduction in Rover Group's available tax losses is simply the fig-leaf of respectability on an otherwise uncommercial looking deal.

Role reversal

One of the more curious aspects of this approach, which is very much a reflection of the Prime Minister's own feelings towards Rover Group, is that it has wrought a remarkable feat of political role reversal. Government ministers have been arguing that a higher bid from Ford would have resulted in heavy redundancies and that the BAe solution will protect British jobs because there will be no overlap between the merged British businesses. The rhetoric is altogether redolent of Labour governments in the 1970s, and scarcely bears out the claim of Thatcherism to be concerned with market solutions.

Labour's front bench spokesmen, meantime, find themselves taking up the cudgels on behalf of the taxpayer. Not unnaturally, in view of Labour's record in relation to the car group in the 1970s, this fails to convince. Labour also has the problem that its fear of the job consequences of a market solution prevent it from pressing the argument adequately on a key assumption: is Ford the only likely bidder and is it certain that others, such as Honda, might not feel that they have interests in Rover to protect or promote through a bid?

It is still just conceivable that an outside party might choose to embarrass the government by offering a better financial deal. But in the absence of that, and on the assumption that the European Commission's investigation into the competition aspects of the merger do not cause the whole thing to collapse, the outcome is in the hands of the institutional shareholders of BAe. Chairman Professor Roland Smith has made considerable headway in dispelling initial scepticism. And his claim to be able to extract very attractive terms from the Government has undoubtedly been borne out.

Past experience

One question which the institutions have to ask themselves, however, is whether financial logic is enough. Both the groups involved have enormous problems of their own and the industrial logic behind the proposed merger scarcely adds up to much. Past experience, especially in the British motor industry, suggests that putting together two sets of problems can simply create a new problem even greater than the sum of the problematic parts.

Equally important is the question of management capability and whether BAe may ultimately turn out to be a weak owner of Rover, for its own performance recently has left something to be desired. Certainly the Rover deal has done much to divert attention and mitigate the stock market damage that would otherwise have resulted from the (heavily leaked) news of the aerospace group's own bad figures, due this week. In the circumstances it would be foolish to attach too much weight to short-term financial logic. In the long run the merger will stand or fall on the industrial performance of its constituent parts.

Progress in Nicaragua

THE CEASEFIRE agreement between the Nicaraguan Government and the US-backed Contra rebels is bound to face formidable hurdles when it comes into force on Friday. But last week's deal, laying down a 60-day ceasefire as a prelude to a broader political reconciliation in Nicaragua, has the great advantage of being practical.

It was hammered out by negotiators possessed not only of the authority to deliver on the fine print but also fully aware of the strengths and weaknesses of their respective positions. It is instructive as well as encouraging that both sides have resisted so far the temptation to make political capital out of the concessions made. Just as important, no false expectations have been raised of easy progress towards a *lasting peace*.

Arias plan

After the accumulated bitterness of almost seven years fighting, the Sandinistas and the Contras are understandably couching optimism in cautious phrases. The occasional violation is bound to occur. Friction could easily be caused by continued attempts in Washington to resume Contra funding. Inside Nicaragua, the Sandinista leadership risks a backlash from its own militants by agreeing to make the Contras part of the political process.

These difficulties must not obscure the efforts made by both sides to bring an end to the war. This provides a ray of hope in the appalling cycle of violence in Central America, and it deserves every encouragement. For instance, in the near future it may well be necessary to consider some form of international presence along the volatile Honduran-Nicaraguan border.

The ceasefire agreement is the first concrete achievement of the Arias peace plan for the region, the details of which were agreed last August. The plan has tended to be all things to all men, and where there has been little external pressure to comply, as in El Salvador, there has been little progress. However, in the case of Nicaragua, the Sandinistas were looking for ways to end a debilitating war and the Contras were demoralised by the prospect of losing their lifeline of US aid. The attraction of the plan was its emphasis on regional self-help; and it has provided a framework for settling conflict without appearing to obey the dictates of Washington.

Many of the Sandinistas' concessions have been the very same liberalisation measures sought by President Reagan. The Sandinistas have begun to take Nicaragua down the road of political pluralism. They can only reverse this at the risk of foregoing the international sympathy which they so desperately need to rebuild their bankrupt and devastated country.

If the Reagan Administration had been less indifferent to the Arias plan, it could have taken some credit for last week's breakthrough. As it is, the White House has been left on the sidelines, forced to welcome a deal it basically does not like. President Reagan has exposed himself unnecessarily by investing so much personal prestige in a victory for his "freedom fighters." The ceasefire, if successful, spells the end of his ideological crusade to defeat communism in Nicaragua.

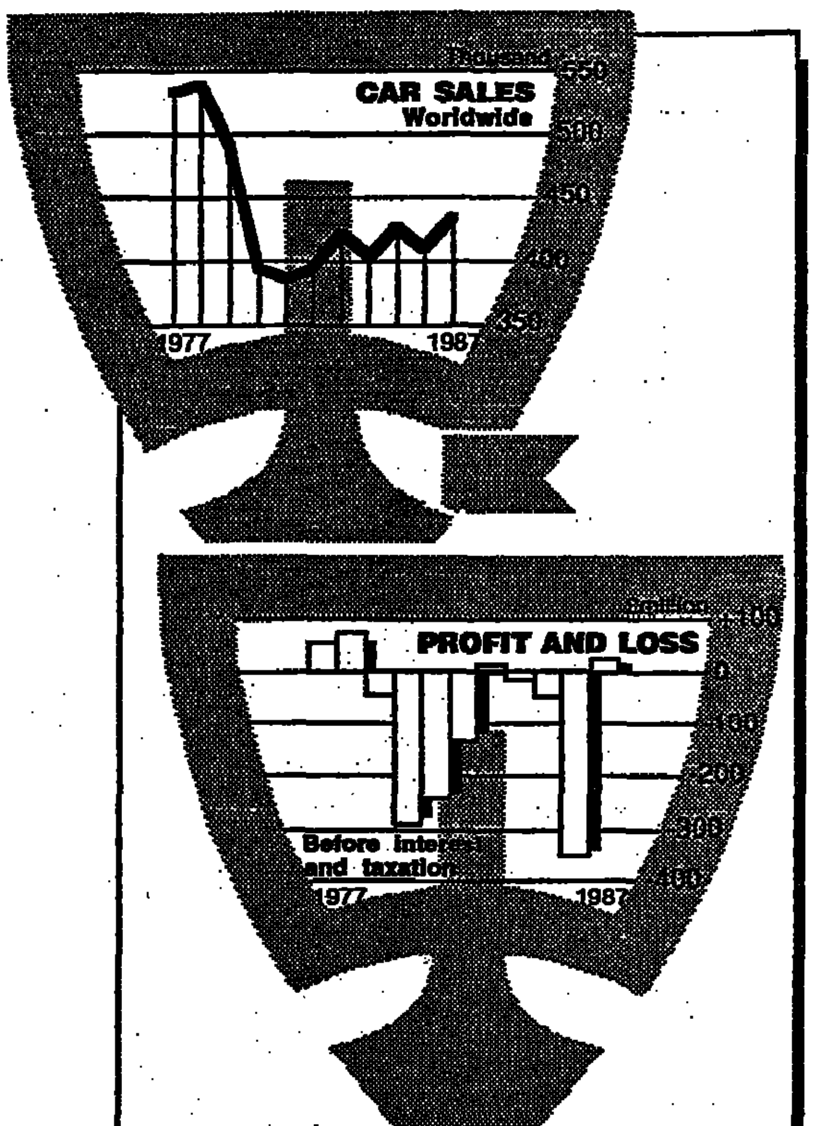
Military solutions

This policy, still reverberating from the repercussions of Irangate, has strained relations with Congress and Washington's closest allies in Latin America because far too great an emphasis has been placed on military solutions to the conflicts in the region. The Reagan Administration could quickly make up for lost ground by taking the Sandinista-Contra agreement at face value and by giving it the benefit of the doubt.

Washington's interests are better served by working with, rather than against, those directly concerned and by supporting the process of negotiation. Reconciliation in Nicaragua by way of a successful Sandinista-Contra agreement would undoubtedly have a wider positive impact on the region's stability. It might even come to be seen as the start of the domino theory in reverse.

Kevin Done examines the prospects for Rover Group in the hands of its new owners, British Aerospace

Flying start for Smith's new model



CONDITIONS OF THE DEAL

- BAe to pay £150m for 99.8% of Rover
- Government to give Rover £800m in cash
- £1.1bn of Rover tax losses effectively eliminated; remaining £500m can only be set against Rover profits, not against those of rest of BAe
- BAe not to sell Austin Rover or Land Rover within 5 years
- Government eliminates its guarantees on £1.6bn of Rover debt to banks, etc

LORD YOUNG, the Trade and Industry Secretary, may have insisted yesterday that the Rover Group is not being sold at "a knock-down price," but it is hardly a view shared by the City.

Professor Roland Smith, chairman of British Aerospace, scarcely demurred at the suggestion that BAe's surprise leap into the motor industry was the "deal of the decade," at least for short-term financial considerations.

Provided the European Commission does not put any immovable obstacles in the way of the takeover, BAe is set to gain a new £3bn-a-year business for just £150m. The new acquisition will have a cleaned-up balance sheet, free of bank debt, thanks to a generous new cash injection of £800m from the Government; and it will have carry forward trading tax losses of £500m to offset against any future Rover Group profits. At the end of 1987 Rover Group had audited net assets of £334m, before the planned £800m injection of new government money, so BAe's risk is decidely circumscribed.

BAe also acquires a business whose prospects are, at least, on an improving trend with some new models in the pipeline for 1989 and 1990 to help capitalise on whatever following wind is provided by privatisation.

Sales and production rose strongly last year, exports were on a rising trend, and Rover Group is well on its way towards rationalising its product offerings into a classic four-model range in the style of all other volume car makers. Many of the deep cuts in workforce and plants are behind it and assembly is now concentrated at the *two Longbridge and Cowley sites*.

The deal struck by Lord Young with BAe is far more generous than the City expected. Analysts moved quickly to revise upwards estimates of Rover Group profits in 1988 and 1989. Mr Stephen Reitman, motor industry analyst with Phillips and Drew, the stockbrokers, suggested that the higher than expected injection of new capital could boost Rover Group pre-tax profits in 1988 to as much as £70m compared with the previous estimate of £45m.

Given the delay of several months that will follow as the European Commission begins its investigation into this latest — and perhaps final — provision of state aid to Rover Group, the full financial benefit to BAe of the takeover will not accrue until 1989, but Phillips and Drew forecast that earnings per share for BAe could jump to 62p this year and 96p in 1989 compared with only 48p-49p without the deal.

In trying to justify such an apparent give-away Lord Young highlighted the fact that Rover Group had run up losses of more than £1bn in the last five years (its total accumulated deficit at the end of 1986 was £2.68bn), that it still had a pre-tax loss last year and that the Government was relieving itself of past guarantees or £1.6bn of existing Rover Group bank debts, trade creditors and other obligations. All this had been achieved for a net £650m.

He was most concerned that Rover Group now had a safe home, and that the jobs directly and indirectly provided by the concern were safeguarded. "In the hands of British Aerospace, Rover Group would have the best available chance of developing its independent role in the vehicle industry. We cannot afford to underestimate the contribution to the economy of the largest UK passenger vehicle producer with a turnover of £3bn, exports of £1bn, direct employment of 43,000, and indirect employment of two or three times that number in the component supply sector, as well as over 50,000 jobs in Rover Group's distribution networks."

The fashion in which Lord Young has managed the Rover Group sell-off has so far precluded any attempt to set a market price on the business, however, and the City was last night still not ruling out a counter bid from one of the big car groups. If it has not already been too soured by its experiences first with a two-week strike in February and this month with the debacle over its planned electronics plant in Dundee, Ford would still remain the obvious candidate.

Lord Young was insistent yesterday that it was "too late" for any counter bid, but the Government could be severely embarrassed, as it waits for approval from Brussels, if a rival car maker were willing to pay a much higher asking price, thus reducing the taxpayers' net contribution.

Though Rover Group could hardly be given a more generous send-off, and *BAe may well make significant* short-term gains from the deal, the takeover will do little to remove Rover's vulnerability in the world motor industry. It begs the fundamental question of how Austin Rover, the car operations of which accounted for 85 per cent of group turnover last year, is to develop, manufacture and sell cars at a modest profit, let alone a sufficient margin to secure future investment in new products.

Austin Rover is in a lonely and exposed position in the fiercely competitive West European car market. Its survival as the last of the independent, small volume, multi-product car manufacturers in Europe is still very much in the balance, and has depended most critically in recent years on the development of its relationship with Honda of Japan.

To much fanfare Rover Group this month announced a return to operating profitability in 1987, but the return was meagre, a profit before interest and taxation of £28m on turnover of £3.1bn. At a pre-tax level Rover Group still recorded a loss of £22m under the impact of its heavy debt burden. It was, admittedly, an impressive swing from a pre-tax loss in 1986 of £456m and a net deficit in 1986 of £892m (including extraordinary losses of £430m), but it was achieved in a year when external conditions could hardly have been more favourable.

New car sales in Europe reached the record level of 12.3m units, and even the most persistent European loss-makers of the 1980s, General Motors and Renault surged back into profit. The sales boom meant that car makers across the continent were able to reduce sharply their costly sales incentive schemes, but, even with such relief, Austin Rover alone could only show an operating profit of £5m after an operating loss of £167m in 1986.

If Rover Group's financial performance last year showed anything, it was that, at a production level of around 467,000 cars (and car derived vans), Austin Rover was still only a marginal business.

Beyond resolving the immediate issue of ownership, Mr Graham Day, Rover Group's chairman and chief executive since May 1986, has still to show that he has succeeded in devising a strategy for arresting the apparently terminal decline of the last British-owned volume car maker. The group has seen its UK market share recede from a high-water mark of 45 per cent in the early 1960s to less than 15 per cent last year, while its share of the West European car market has fallen to barely 3.5 per cent.

The big six European volume car makers are in a different league, with European market shares last year ranging from just over 10 per cent for Renault on sales of 1.31m cars to 15 per cent for Volkswagen (including Audi and Seat) on sales of around 1.85m.

In the UK, Austin Rover's home market, overall new car sales have set all-time records for two successive years and the pace shows no sign of slowing in 1988, but the company has failed to keep up as its ageing product range has failed to impress the car-buying public. In the last two years its UK market share has continued to plunge, to below 15 per cent in 1987. Last year overall new car registrations in the UK rose by 7 per cent, but Austin Rover could manage an increase of only just over 1 per cent in UK volume sales to 296,784.

Mr Day insists that sceptical observers of Austin Rover who concentrate on market share and volume are missing the point. "We want to make money. People keep talking of market share, but our objective is to become profitable." Nevertheless the group's 1987 corporate plan spelled out that 1987 was a critical year for Austin Rover. "It is vital for the company's long-term future that the deterioration in domestic sales is reversed: top priority is being given to this short-term objective . . ."

If Rover Group is to remain independent of the big motor groups, under the BAe umbrella, its long-term survival will depend crucially on its future product development programme. In a few weeks it will be unveiling a hatchback version of its executive saloon, the Rover 800, the Rover 800 Fastback, which should expand the appeal of this range, although Rover has been forced to retreat from its original plan of taking this model further down market out of fear of diluting its prestige appeal.

Lacking own resources in the early 1980s to fund new model development Rover plumped for manufacturing under licence two Honda models, which were rebadged as the Triumph Acclaim and then its successor the Rover 200. Out of that deal grew the deeper 50/50 model development co-operation with Honda which has produced the two models on which Austin Rover is currently pinning its hopes.

At the top of the range is the Rover 800 executive saloon, launched in 1986 and currently selling in a price range from £12,500 to more than £20,000. Still to come is the so-called R8, which Honda is calling the Concerto, to replace Rover's current Maestro and Rover 200 series. The launch will come in mid-1989 with the five-door model. The next stage of the model programme will be the revamp of the current Metro — the so-called R6 — which is expected to reach the market in 1990. It is expected to be "a strong evolution" of the Metro, using the same floorpan as the present model with a different front end to accommodate a new K series engine and Peugeot transmission. Work is also in progress on the early stages of the Montego replacement, the so-called R9 project, which should be due for unveiling in the early 1990s.

It has been claimed that Honda is crucial to Austin Rover's model development programme, and Professor Smith and Mr Day wasted no time in hurrying to Tokyo to brief Honda on the planned change of Rover Group ownership. The collaboration so far has not been open-ended, however. It has been limited to specific projects and — though Honda senior executives stress how much they have learnt from Rover — the Japanese company has been careful to keep all its options open, preferring not to commit itself financially through any equity stake.

It has used Austin Rover to give it a helping hand into executive car production — its version of the Rover 800 is the Honda Legend — while preparing to use Austin Rover assembly lines from next year to produce its new Concerto model for Europe.

The arrangement allows Honda to get under the quota restrictions on Japanese car exports to the UK and West Europe, while at the same time it can build up its European dealer network. In the US it is building new production capacity which could use this network. It also has a large site at Swindon, Wiltshire, with an engine plant under construction and the space to expand further into assembly. It has already announced that its joint production of the Honda Legend with Austin Rover in the UK is to stop later this year after only two years. This highlights Austin Rover's vulnerability, if it is counting on Honda to give it the additional volume to make its Longbridge and Cowley plants more productive.

Rover's continued weakness as a competitor on world markets goes some way to justify Lord Young's claim that the Government was not being over-generous to British Aerospace. The short-term benefits for BAe, if the EC allows the deal to go through, are none the less considerable. The challenge will come in turning Rover's greatly strengthened finances, as part of BAE, to good account. Professor Smith and his colleagues may yet find themselves forced to give enough management attention to Rover to make them wonder just how good a deal they got.

OBSERVER

Operation GROWTH

In the now established formula of police undercover operations against organised football hooliganism, the Wolverhampton Police were equipped with a suitable code name related to the investigation. This one was GROWTH (Get Rid Of Wolverhampton's Troublesome Hooligans).

The first, and model for all the others, was Operation Own Goal which rounded up the ringleaders of the Chelsea Mob in 1986. Full Time, involving West Ham and Millwall supporters, and Red Card against Birmingham City fans, were in the same tradition.

Perhaps because the police were running out of footballing connotations, later operations had more obscure names like Spoonbill (Luton) and Omega (Manchester City). The Leeds United round up, Operation Wild Boar, was easy to guess because the *Leeds fans* met in *Boar Lane* before matches, but operation Evild run by the Metropolitan Police against Arsenal supporters is a puzzle. Scotland Yard is still coy about its derivation. "It was never explained," a police spokeswoman said yesterday.

The head of Wolverhampton police, Chief Supt David Ibbs, is proud of his code name, but was not revealing all yesterday. "It came from one of my superintendents who refuses to be named," he said.

A *police move against* Wolves supporters has been on the cards since the beginning of the season when 4,000 of them converged on the Football League new boys Scarborough and caused mayhem in the ground.

Scarborough chairman Peter Gargett recalled yesterday how one enthusiastic Wolves fan was jumping up and down on the stand roof, taunting the home supporters and waving a flag until the roof gave way and he fell straight through onto the concrete terracing.

"Everyone thought he was dead at first, but they patched him up in hospital and he discharged himself the same afternoon," said Gargett. "The first thing he did was hobble down to the ground with a pot on his leg and demand *his* flag back."

Gargett added: "We played at Wolves three weeks ago and it was interesting to see that they caged in their home supporters. Usually it's the other way around."

Test for Kaunda

President Kaunda of Zambia will give the keynote address at the World Food Conference in Brussels next week. The conference was called by Lord Plumb, perhaps best known to British readers as a former leader of the National Farmers Union and now the President of the European Parliament.

Plumb says that the presence of "Africa's leading statesman" will provide inspiration to *all those present to find a* way out of the current disarray in world food supplies.

For Kaunda to do that will mean addressing what went wrong in Zambia. According to the World Bank, the development of agriculture in that country remains far below potential ...its slow growth is due largely to "inappropriate policies and institutional structures."

"Inappropriate" is strong language in World Bank terms. As for the figures, agricultural output *per head of the population* was 16 per cent lower in 1983 than in 1970.

It should be a fascinating speech if Kaunda ackowledges that there were some mistakes.

Funding the Koran

A venerated Islamic scholar who lived 1,000 years ago has just given rise to a most unusual publishing venture, allying the Oxford University Press and a Syrian businessman previously involved in selling oil drilling equipment to the Middle East.

The work is a detailed commentary on the Koran written in the 10th century by the Iranian-born al-Tabari. The Commentary *in Arabic* is one of the Islamic world's most important texts, gathering a corpus of early scholarship on Islam's holy book and broadly accepted by all the religion's divided schools.

Partly because of its length, at 40 volumes, it has never been *available in English*. Abdulrahman Hakim, a Syrian national who has lived for the last 27 years in London, set out to change that. Four years ago he approached the OUP with the idea of publishing an abridged translation. The results have begun to emerge in recent months, with the publication of the first of five £45 volumes, and will be completed in another six or seven years.

Hakim's aims are as ambitious as the translation task. He sees the publication of the Commentary in English as a means of bridging the gap between cultures and of spreading the word about what he says is the world's most misunderstood religion. He has mustered backing from a variety of sources ranging from Sheikh Abdul Aziz bin Baz, the blind Saudi religious leader, to the former pop singer Cat Stevens, who has converted to Islam and is now known as Yousuf Islam. Now he is trawling wealthy Arab states for financial as well as moral support: with only limited success so far.

Hall with a jinx

The Audit Commission is an admirable independent body that monitors local government finances and is listened to with respect even by Labour Councils on the loony side of left. Its watchwords are economy, efficiency and effectiveness.

None of those qualities was in evidence yesterday when the Commission held a conference to coincide with its fifth birthday. Perhaps that was because it was at the Queen Elizabeth Conference Centre, Westminster, a place over-obsessed by security.

Around 700 delegates were told to get to the centre in good time for a 10 o'clock start. Forty minutes later they were still queueing in the entrance hall trying to get accreditation as *Nicholas Ridley*, the Environment Secretary, waited for the conference, called "Managing for Success", to start.

Howard Davies, the Audit Commission controller, calmed tempers by placing much of the responsibility for the shambles on the Property Services Agency which runs the Centre and is under the umbrella of Ridley's Department.

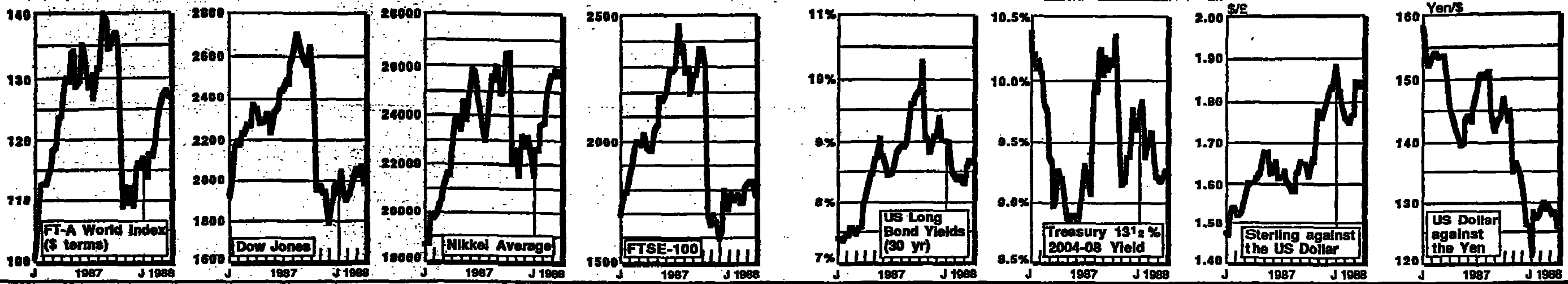
Davies had a good line about the community charge: "If you call it the community charge, it *means that you are in favour. If* you call it the poll tax, you are against. So that's enough about the poll tax."

As for the Centre, we recall running into the Prime Minister just after she had officially opened it. "What's it like?" we asked. She gave one of those looks that showed what a good actress she would have been.

Late news item

From a school magazine: "We regret that owing to shortage of space the deaths of two old boys have been held over until next term."

Stock market jitters have undermined the recovery of confidence since the October crash. **Alexander Nicoll** and (right) **Stefan Wagstyl** report



Shaking the kaleidoscope

THE FINANCIAL meltdown of October 1987 was bound to leave a legacy of fear that it could all happen again.

This concern, never far from the surface since the equities crash, has re-emerged in the past week. Stock markets, which had mostly been quietly heading upwards, suddenly suffered a new bout of nervousness and dropped sharply in Europe and North America. The dollar fell and bond markets faltered. Doomsayers reminded us that five months after the 1929 crash, stock markets again lurched down as the second phase of a sustained bear market began.

Comparisons with 1929 remain far-fetched in the view of most economists and market watchers. Economies are stronger and authorities more flexible and co-ordinated in their response to market movements. The crash has not pole-axed economic growth as it did in 1929.

Nevertheless, there is no doubt that the 1987 crash had effects from which investors and dealers will take a very long time to recover.

Most obviously, it dealt a blow to investors' confidence and willingness to deal. Many small investors have retired hurt after being enticed into taking a speculative crack at the market. Larger investors are equally cautious. Warburg Securities estimates that UK pension funds have increased the proportion of their assets held in cash and not committed to investments to about 9 per cent, the highest since the dark days of 1974.

Low stock market volumes also testify to reduced investor confidence. This sluggishness is putting pressure on securities firms which depend on turnover for much of their livelihood. That, in turn, makes market-making firms – those which undertake to make a two-way price in stocks – even less willing to be heroic in the face of a downturn in the markets. *They remember that many of them* lost money by taking stock on to their books as the markets spiralled downwards in October. In some eyes, they were fulfilling their function of trying to maintain orderly markets, but in others they simply misjudged the markets' mood. Unwilling to repeat that experience, market makers are tending to keep less exposed positions, neither long nor short. This adds to the potential for more nervous, volatile markets.

Investors have been nervous about what types of stocks to choose. In the UK and Europe, the emphasis has been on blue chips which are likely to have assured liquidity. Some of the smaller markets are still suffering severely from the illiquidity exposed by the crash.

In the UK, Warburg Securities is forecasting that pension funds will continue to correct the imbalance in their portfolios. Before the crash, equity holdings had risen to 78 per cent, with those of gilt-edged securities down to 12 per cent. (The remainder is divided between cash, property and index-linked gilts.) The equities/gilt-edged split is forecast to be 68/18 by the end of the year. UK equities are expected to represent only 42 per cent of their portfolios compared with 57 per cent before the crash.

In the US, the hesitancy of investors has manifested itself in a different way. Blue chips have not been performing as well as "special situation" and second line stocks, particularly those affected by the wave of cash takeover bids as predators have attempted to swoop on companies viewed as undervalued since the crash.

Corporate earnings growth is still expected to be quite strong in most of Europe and North America. In theory providing a strong underpinning for stock markets. But it is difficult for them to get away from the belief that a recession may merely have been delayed – *even though economists* point out that tighter fiscal policies from an incoming US administration could not really bite into the economy until 1990.

The crash showed how markets are linked to each other, if not always by actual flows of capital, then at least by information technology which allows changes in sentiment to be transmitted instantaneously around the world. An additional phenomenon has been the closer linkage of different types of market. Currencies, bonds and equities increasingly react to each other's movements.

Against this background of apprehensive investors there are persistent uncertainties about economic fundamentals. Stock markets, notes Ms Maria Ramirez, an economist at Drexel Burnham Lambert in New York, currently find it difficult to react to positive economic news. In an atmosphere in which most reactions are knee-jerk, she says "I don't think knee-jerk reactions will be generally positive."

After the post-crash rise in stock markets, some concern is understandable. It would be surprising if equities were blithely to approach and pass levels which, in October, were deemed to be so highly speculative that they could fall victim to a 500 point fall in the Dow Jones Industrial Average in a single day.

It could be argued, after all, that the economic fundamentals remain essentially unchanged: that markets are simply looking through a kaleidoscope at the same pieces shaken up a different way. Before the crash, they had for months been treading a knife-edge between fears of a US recession and fears of an overheated, inflationary economy. Meanwhile, markets were uncertain about whether the dollar's fall had ceased or still had a long way to go. The arguments, it could be said, remain the same.

Markets are transfixed by the dollar. If it looks like sliding downwards, stock and bond markets in both North America and Europe tend to weaken. This attitude clearly contains contradictions. In more normal times, a falling dollar might be seen as good for the US stock market since it makes US export industries more competitive. But investors allergic to instability see a sliding dollar as a harbinger of higher interest rates and another crash. Before the crash, the hope was that the dollar's fall could be contained, and therefore it would not disrupt the buoyant stock market. The dashing of that hope partly explains the current obsession.

In view of markets' preoccupation with the dollar, perhaps the most encouraging sign is the emergence of a healthy divergence of views about which way the dollar will go. Previously, there was no doubt in the markets' mind: the dollar was heading down, the only questions were how far and when.

There are still many who believe that it must fall further. Economists at J. P. Morgan, in the US bank's influential publication World Financial Markets, argue that a further rise of the yen is inevitable. Though Japan's visible trade surplus will narrow, they project that its current account surplus will still be $68bn in 1990 – some $20bn below last year. More adjustment is necessary if a sustained surplus is not to overshadow financial markets. Since Japan is unlikely to give a further boost to domestic demand, a much higher yen is inevitable.

James Capel, the UK stockbroker, also argues that the dollar will fall. Though the US trade gap has been falling, it "still amounts to a massive deficit." Other economists believe that continuing economic growth in the US is creating inflationary pressures which the authorities will not want to check through higher *interest rates in a presidential election* year.

But a growing number of economists are now taking the view that most of the necessary adjustments have taken place. Mr Robert Brusca, of Nikko Securities in New York, says it is wrong to suggest that the dollar must decline still further. After the already substantial fall, the US trade deficit is being reduced, he says. The country's manufacturing output is rising to such an extent that there may be some capacity constraints by the end of the year.

Last week, he and others argue, the US bond market simply reacted to the realisation that the economy was not slipping into recession. This implies higher interest rates than it had expected. So bond prices fell. At the same time, the currency markets were – probably wrongly – anticipating a wave of Japanese dollar selling at the beginning of the new fiscal year, and so pushed the dollar lower.

By yesterday, however, markets had stabilised: the dollar, US bond prices and almost all the world's stock markets were rising.

In the weeks ahead, despite some volatility, the uncertainties affecting stock market investors may lead to a dull period. Markets may go neither up very far, nor down very far.

Before the crash, most people, even against their better judgments, expected markets to keep going up. Now there is no strong feeling about which way markets should go, arguably a healthy state of affairs.

But this ambivalence is not to be found in Tokyo. There, all seem united in believing in the market's inexorable rise. Levels of share prices relative to corporate earnings, which seem extraordinarily high outside Japan, are now rationalised as being simply part of the Japanese market. There are undoubtedly good reasons to believe in the strength of the Tokyo market, but could the absence of doubt be a warning?

Tokyo cuts the Wall St strings

WHEN JAPANESE financial institutions close their books tomorrow on the 1987-88 financial year, the accounts for foreign investments will be covered in red ink, while the domestic results will be a comforting shade of black.

The stark contrast will only reinforce the conviction of Japanese investors that the safest place for their funds is the Tokyo markets. While the US dollar has not declined as precipitously since the the October equities crash as it did before, the Japanese are wary of exposing themselves once more to the risk of severe losses.

"I don't think anybody will want to invest in dollar securities at the moment. If they do they will hedge," says Mr Hitoshi Ishihara, managing director of the international division of Yamaichi Securities, one of Japan's Big Four stockbrokers.

Japanese institutions are instead piling their funds into the Tokyo stock market, sending the Nikkei index of leading shares to within 5 per cent of its pre-crash high. Most Tokyo analysts expect this to continue. Mr Peter Tasker, general manager of research at Kleinwort Benson International, an arm of the UK merchant bank in Tokyo, says: "There's incredible momentum behind the stock market at the moment."

The first reason for this is that the October crash affected Tokyo much less than other equity markets, and the subsequent performance reinforced Japanese investors' faith in their home market. In particular, the old notion was killed that Tokyo was just another Pacific market dancing like a marionette to Wall Street's tune.

When confidence flagged at the turn of the year, the Japanese authorities were quick to intervene – changing the rules on Tokkin funds, an important form of investment vehicle, in a (successful) bid to discourage liquidation. However, intervention would have been hopeless without some powerful underlying forces driving investors to the equity market. The most important is belief in the strong growth of the economy. Company profits are expected to have grown by 20 per cent in 1987-88, with a further 10 to 15 per cent forecast for next year.

Fears of inflation occasionally surface in the domestic markets, illustrated by a slight fall in bond prices since the beginning of the year. There is concern that growth in the money supply, which has helped to fuel rises in property and equity prices, might eventually spill into the economy as a whole. But this is offset by a belief that the strength of the yen can keep down the costs of imports, especially oil.

The weight of money in the hands of Japanese institutions is pushing them to invest in domestic equities, especially as the government bond market is this year shrinking with heavy redemption of issues made during the period of big deficits in the 1970s. Yamaichi Securities estimates that Y9,000bn (£39bn) is waiting to be invested in equities.

Inevitably, some of this money will have to go abroad, sooner or later. There are a few signs that some investors who have previously been slow to do this, notably pension funds, will follow the trail blazed by the life insurance companies. There is some interest, too, in non-dollar foreign securities, including British bonds and equities. But no one will be in a hurry to invest this money in the first few days of April.

Letters to the Editor

Pension attitudes in culture shock

From Mr Malcolm Ballisat.

Sir, If Mr Hitchings (Letters, March 24) is young enough – and patient – I believe he will see a change of attitude among employers and trade unions.

After years of employers being able to dictate compulsory membership of pension plans as a condition of employment, this right has suddenly been withdrawn. Trade unions saw compulsory membership as an opportunity to negotiate improved benefits for members along with pay and other employment conditions. What we are experiencing now is a culture shock.

While it is true that most employers are against portable pensions, many have amended their occupational plans to make them more competitive with personal pensions. An important change has been employers "selling" occupational schemes, with videos, meetings and counselling.

Getting "over the wall" looks like being difficult for the employee who has a change of heart. A young employee may well decide that his (or her) pension contribution is needed for the mortgage. By the time he is 35 or 45, and changes his mind, a personal pension will be the only option if entry to the employer's plan is refused.

Unless attitudes change (I suspect they will), a growing number of employees will have personal pensions and, on changing jobs, negotiate some employer contribution towards them.

Mr Hitching's letter to the FT happened to be printed beside the Department of Health and Social Security pensions advertisement claiming that employers will be able to offer "money purchase schemes". I quote: "These particular schemes are not salary related, so they can be operated without increasing your wage costs." One wonders: if there is no cost, what will the benefits be like?

Malcolm Ballisat,
25 Hillgate Street, W8

The old proverb still applies

From Mr E.N. Lindop.

Sir, In his letter (March 24), Mr C.D. Hitchings comments that "it was predictable that the Confederation of British Industry (CBI) would be against portable pensions."

I have news for Mr Hitchings: the CBI is certainly not against "portable" pensions – or personal pensions, as they are more usually described. With half of those in employment outside occupational pension schemes, we believe there is considerable scope for such employees to use personal pensions to enhance the incomes they will receive in retirement. We also welcome the new flexibility for employers to set up schemes on a "defined contribution" basis as well as on a defined benefit basis.

What does concern the CBI, however – and it is a point that Mr Hitchings fails to address – is that most existing occupational schemes provide a range of benefits and safeguards going far beyond the provision of an income in retirement.

Such benefits, provided as an integral part of the pension scheme, often include disability benefits for those who become unable to continue working, and benefits for widows, widowers and other dependants in the event of an employee's death. If employees choose to leave their occupational pension scheme in favour of a personal pension, they are unlikely to find such benefits and safeguards provided on an equivalent scale by the personal pension plan.

Accordingly, the CBI has nothing against personal or money purchase pensions, or against freedom of choice for employees. Where employees are currently in a good occupational pension plan, however, we would urge them to have in mind the old proverb: look before you leap.

Esmond Lindop
Employment Affairs Directorate,
Confederation of British Industry,
Centre Point,
103 New Oxford Street, WC1

Consumers' Association should have no room for politics

From Miss Eirlys Roberts.

Sir, Mr Beishon, the new director of Consumers' Association (CA), publishers of "Which?" is quoted as suggesting that he is going to cut loose the organisation's middle class bonds and look after the interests of the old age pensioners, the unemployed, the less monied and less well-off.

For over 30 years the CA council and staff have been trying to do their bit towards making our society fairer; giving people – of all classes – information, previously hidden from them, which would put them on equal terms with the manufacturers of goods and the suppliers of services.

Not everybody chooses to read "Which?" The council and the previous director took the lead in setting up high street consumer advice centres, where those who do not like reading technical magazines could get the information they needed by word of mouth. CA conducted campaigns for safe goods; for clearer and more informative labelling; for fairer conditions of sale; for a cooling-off period in doorstep selling; against excessive rates of interest. It campaigned against the lawyers' conveyancing monopoly and against fire hazards in shops and in the home. It founded and funded an organisation which investigated hospital meals, alarms for the elderly and transport systems for disabled people. It campaigned for adequate heating the for elderly and access for parents to children in hospital.

All this activity was carried out by a Conservative director working in concert with a mainly left-wing council which had chosen him and kept him in office for over 20 years. During my 15 years as editor of "Which?" I remember no real disagreement of principle or policy between them. There were no party politics, nor was there any of the neurosis about class which Mr Beishon seems to feel so keenly and from which we were happily so free.

Eirlys Roberts,
European Research Into Consumer Affairs,
8 Lloyd Square, WC1

It is illogical that one method of broadcasting should be protected

From Sir Patrick Meaney.

Sir, The Rank Organisation has expressed its desire and ability to establish a terrestrial broadcast pay television service, and has requested Government approval as early as possible. We applauded your constructive leader of March 14, which argued that "extra over-the-air channels will be the cheapest way to provide extra choice for most British viewers," and that it would be wrong if the Government "went slowly on the new terrestrial channels to help existing channels or protect Direct Broadcasting by Satellite (DBS)."

It was therefore disappointing to read the negative reaction from British Satellite Broadcasting (BSB) (Letters, March 18). I should like to comment on the four arguments BSB put forward against giving the go-ahead for further terrestrial channels.

First, coverage. It may well be that 100 per cent coverage from a new terrestrial service cannot be achieved - incidentally, it is not possible for the BBC or the Independent Broadcasting Authority (IBA) to achieve this at present - but all the indications are that a large proportion of the population could be reached by such a service. It is hard to understand why a majority of viewers should be denied the opportunity to receive a new service simply because it may not be possible for a minority to have it.

Second, costs. Here the simple fact is that the equipment needed to receive a terrestrial broadcast pay-TV service will cost the viewer about half what it would cost to receive television by satellite.

It is illogical to try to justify that one particular method of broadcasting should be given protection, or an artificial competitive advantage, against another method of broadcasting.

Finally there is the question of the oddly titled "restrained competition" for broadcasting.

The facts are that the development of proper competition is bound to be restrained by the limitation of what is technically achievable as well as by any regulatory conditions which the Government chooses to establish. It is not clear that there is any consumer advantage, let alone necessity to impose additional market restrictions. Moreover, given the international competition from projects outside UK jurisdiction such as Astra and Eutelsat, which BSB is powerless to prevent, it is distinctly odd – and self-damaging – to suggest that British enterprise should be restricted when foreign enterprise cannot be.

Our request is a simple one: please put all of us in a position to compete fairly as quickly as possible, and give the British customer a free market choice within Government guidelines.

Patrick Meaney,
The Rank Organisation,
6 Connaught Place, W2

FINANCIAL TIMES
Wednesday March 30 1988

Ø

Mishandling of nationalist problems could spark reactions far beyond the Soviet Union, writes **Bruce Clark**

Armenian conflict puts Gorbachev to the test

MR MIKHAIL GORBACHEV'S handling of the conflict between Armenians and Azeris is widely seen as a test of his ability to control the impact of his attempts to relax Moscow's rigid control over the Soviet empire.

His performance is being closely watched not only by those directly involved, but also by a diaspora of more than 2m Armenians, and by a plethora of national groups throughout the Eastern bloc each with their own deep-seated aspirations and resentments.

Though the struggle for the contested region of Nagorno-Karabakh is on a much smaller scale than many of the other national disputes, it is of particular significance partly because it is the first big test of Mr Gorbachev's resolve, and partly because of the wealth and political influence of many of the 2m Armenians living in communities scattered from Los Angeles to Damascus.

Should he fail to put up a convincing show of strength, and at the same time sympathetic understanding of the conflict, his attempts to reconstruct the Soviet Union could be blown apart by a chain reaction of nationalist explosions.

In the Soviet republics of Armenia and Azerbaijan, the Kremlin is holding the lid on a simmering brew of economic and cultural grievances, historic mistrust and heightened political expectations.

Bitter divisions within the diaspora are being set aside as Armenians round the world campaign in support of their 3m Soviet kinsmen, who are demanding reunification with their republic of Nagorno-Karabakh, a mountainous region of Azerbaijan where most people are ethnic Armenian.

As hundreds of thousands of people took to the streets of Yerevan, the Armenian capital, last month, and word came of a bloody anti-Armenian rampage in the Azerbaijani city of Sumgait, diaspora newspapers (Los Angeles alone has six) began activating a rich network of contacts

The Kremlin is holding the lid on a simmering brew of economic and cultural grievances, historic mistrust and heightened political expectations

in the Soviet Union to seek further information.

The wave of disappointment that ran through the Armenian community last week, when the praesidium of the Supreme Soviet made it clear that boundary revisions were not being considered, was transmitted almost instantly to the diaspora.

It was keenly felt because Armenian intellectuals, in the Soviet Union and elsewhere, had vested enormous hopes in Mr Gorbachev. As a relatively articulate, prosperous group, Soviet Armenians apparently felt they had much to gain from his policies of *glasnost* (openness) and decentralisation.

Many members of the vast crowds which gathered in Yerevan last month were carrying posters of Mr Gorbachev, and protest organisers responded quickly to his personal appeal for a breathing space by suspending demonstrations for a month.

The self-imposed moratorium expired last Saturday. With troops massed in Yerevan, and a new regulation requiring would-be demonstrators to seek permission 10 days in advance, nationalists cancelled plans to stage fresh protests and instead declared the capital a "dead city", calling on people to stay indoors.

Yerevan appears to have been quiet at the weekend, with many residents sitting at home and listening to a series of officially organised broadcasts in which prominent writers and artists called for reason and moderation.

What the Soviet authorities appear to be attempting, with some deftness, is to drive a wedge between those Armenian nationalists whom they consider moderate, and those they view as dangerous extremists.

Four Armenian activists, who had played an important role in feeding news about the situation to the foreign press, were arrested on Friday, and the Kremlin has made it known in the diaspora that it is prepared to make further arrests.

On the other hand, western Armenians have been given to understand that the Red Army troops in Yerevan are under strict instructions not to open fire, even under provocation.

Mr Gorbachev, through the official media, is also driving home the message that if Armenian militants rock the boat too hard, they could damage his reform programme.

The Soviet leader's success or failure, diaspora activists say, may depend on whether there is any repeat of the bloodshed in Sumgait. Official media reported 32 deaths, while some Armenian nationalists say the toll ran into hundreds.

The report that Moslems speaking a language closely related to Turkish (Azerbaijani and Turkish are mutually intelligible) were killing Christian Armenians provoked deep stirrings of atavistic fear both in Soviet Armenia and the diaspora.

Turkey lobbies intensively to block the efforts of American-Armenians like California Governor George Deukmejian to have the genocide recognised

If there is one thing, apart from the claim to Karabakh, that all Armenians agree on, it is that between 1m and 1.5m of their people were killed by the Turks in 1915 in an attempt to annihilate them as a race.

In the past 10 years, much of the diaspora's political effort has been directed at persuading Western politicians and parliaments to agree that a holocaust took place, and at publicising documentary evidence, such as the reports of foreign diplomats posted in Turkey at the time. In the late 1970s and early 1980s, Armenian gunmen made more than 50 attacks on Turkish diplomats around the world, with the stated aim of forcing Ankara to acknowledge the genocide.

Turkey angrily denies there was any systematic attempt at annihilation, and it lobbies intensively (with State Department support) to block the efforts of American-Armenians, such as Mr George Deukmejian, the governor of California, to have the genocide recognised by Congress.

The Kremlin has sought to allay Armenian outrage at last month's Sumgait incident by ordering widespread sackings in the Azerbaijani administration and making public criticism of the Azerbaijani leadership's handling of the situation.

Western Armenians say they understand Mr Gorbachev will keep the future of the Azerbaijani leaders under review, though any immediate changes either there or in the party leadership in Yerevan will be avoided for fear of exacerbating a delicate situation.

Apart from the precedent that a boundary change would set for other aggrieved Soviet nationalities, Mr Gorbachev is no doubt conscious that conceding too much to the Armenians would badly upset the Azeris, who are already believed to be alarmed at the political demise of their kinsman Mr Gueydar Aliyev, one of Brezhnev's most senior aides.

He may also fear upsetting other Turkish Moslem peoples in the Soviet Union, and indeed Ankara itself, which has already said it would object if there was any change in the status of Nakhichevan, part of Azerbaijan which borders Turkey.

While there is no sign that violence will break out in Yerevan, diaspora activists say the danger is greater in Stepanakert, the capital of Nagorno-Karabakh, where strikes were reported over the weekend and the streets are being patrolled by Azeri policemen.

Paying dear for Rover's keep

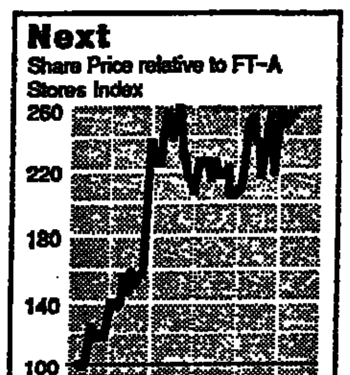
The initial 22 per cent jump in the British Aerospace share price yesterday says it all. The City of London had expected Professor Smith to charge a fee for taking on Britain's volume car industry, but no-one expected him to get away with a net £650m. It would have been nice to see offers to do the job for less, and there would have been plenty of equally qualified candidates – BP as a petrol producer, say, or Midland Bank as a specialist in dud loans. But it seems the deal is done, Brussels permitting, and all that remains is for the Government to give a fuller explanation of its remarkable generosity with taxpayers' money.

For analysts, already sufficiently confused ahead of BAe's own figures today, the main problem lies in equating the £800m cash injection with anything on Rover's balance sheet. If the £17m interest charge in last year's second half is any guide, Rover's debt cannot be more than £400m, leaving as much again to be accounted for. Meanwhile, the already dazzling projections for Rover's profits have been raised again, with this year's contribution now put at anything upwards of £70m pre-tax and next year's combined earnings supposed to reach 100p, putting BAe's shares on a multiple of 4.

Certainly, the market seems to dismiss the possibility that Rover may simply slip back into loss in the old way. Even before yesterday's details were published, BAe's shares were higher relative to the market than before the deal was announced; and on pure trading prospects, they would have been expected to weaken over the period along with the dollar. It is nice to see the market feeling optimistic about something, but hard to feel confident about its target.

Next

While other retailers battle with images that are soiled, dowdy, worthy or just dull, Next's image is so bright that the market spends most of its energy looking for flaws in it. A 39 per cent increase in earnings per share, and no sign anywhere of the tough times rival retailers are warning about, failed yesterday to produce the market appreciation it deserved. Even though the company should again outstrip its 20 per cent target for annual earnings growth this year, p/e



seems stuck at 12 or so, only marginally better than the sector average.

The most recent specific worry – that the endlessly hyped Next Directory could not deliver – is belied by orders to date of £20m and returns of less than 20 per cent, which together suggest a good contribution to profits this year. The more general concern, that Next will not be able to maintain its growth without overstretching itself, is valid if a little over fussy. Shortage of property is probably the chief constraint on the expansion of the fast-breeding Next family, whose latest member is a predictably stylish mahogany and chrome jewellery chain. But with enough house room from Combined English Stores for this year at least, Next can afford to relax a bit before making another acquisition.

Guinness

Whatever the headlines, it is the Takeover Panel which has been on trial in the High Court for the past two months, not Guinness, and yesterday's decision is more a judgement of the Panel than of the drinks group itself. Guinness emerges from the Court no more guilty or innocent than before – but the Takeover Panel comes out with its methods vindicated, its role reaffirmed and its bruised image given a good message.

For Guinness, yesterday must count as a setback – not that the share price seems to have noticed: despite the news, the shares failed to breach the 300p barrier, closing only 3p down on the day. The market's reaction was that whatever the eventual level of Guinness's liability to Distillers' shareholders – anything between zero and £100m is possible, though the City is expecting something in the middle of that range – the figure is not a matter of life or death for a company with £200m positive annual cash flow. And although rival bidder Argyll cannot have failed to find yesterday's decision encouraging, the prospect of a writ against Guinness from that quarter also failed to alarm. Whatever the merits or demerits of Argyll's case, the market seems simply to dismiss the prospect of the company doing to Guinness what Pennzoil did to Texaco.

So for the moment, the City has swallowed all the bad news available on Guinness and come up with a rating of around nine times prospective earnings, a 20 per cent discount to the market – enough to cover, for the moment, not only what the market knows but what it fears.

George Wimpey

If there was ever any doubt that the renovation of Wimpey's business was nearly complete, a 44 per cent rise in full year pre-tax profits to £95.8m and a confident dividend increase will have reassured the sceptics. Nevertheless, while the performance looks impressive for the third year in a row, Wimpey is only now beginning to earn the same sort of return as its smaller rivals like Taylor Woodrow and Costain. The trick now is for Wimpey to convince the stock market that it has transformed itself from a recovery stock into a growth business, and here, as always, Wimpey's reluctance to disclose adequate detail is working to its disadvantage.

Clearly, the company is far leaner and fitter than it was three years ago, and its important UK house building business, which has been sacrificing volume to move up market, is the star performer. However, its heavy dependence on this cyclical business must raise questions about the quality of its long-term earnings, and the minimal rise in the group's net asset value over the last five years underlines the heavy costs of financing its reorganisation. Fortunately for shareholders, Wimpey's conservative management seems as reluctant as ever to consider a rights issue to finance its growth plans.

Dole quits race and puts support behind Bush

By Lionel Barber in Washington

SENATOR Robert Dole of Kansas yesterday quit the Republican presidential race and pledged his support for Vice President George Bush who is now assured of the party's nomination.

In a brief speech in Washington, Mr Dole bowed to the inevitable, telling cheering supporters: "I have been beaten before and no doubt will be again. But I have never been defeated and never will be."

Mr Bush trounced the Kansan Senate Republican leader in the March 8 "Super Tuesday" voting, winning 16 of the 17 states holding Republican elections.

The Vice President assumed an unassailable lead in delegates, reinforced by another steamroller win in Illinois on March 15.

Mr Bush's only other Republican rival, Mr Pat Robertson, the former television evangelist, has already conceded that the Vice President will be the the party nominee, though he has vowed to fight on to the national convention in New Orleans in August.

Mr Dole's withdrawal removes all doubt about the Republican nomination, a stark contrast with the scrambled Democrat race where no single candidate has assumed a clear lead.

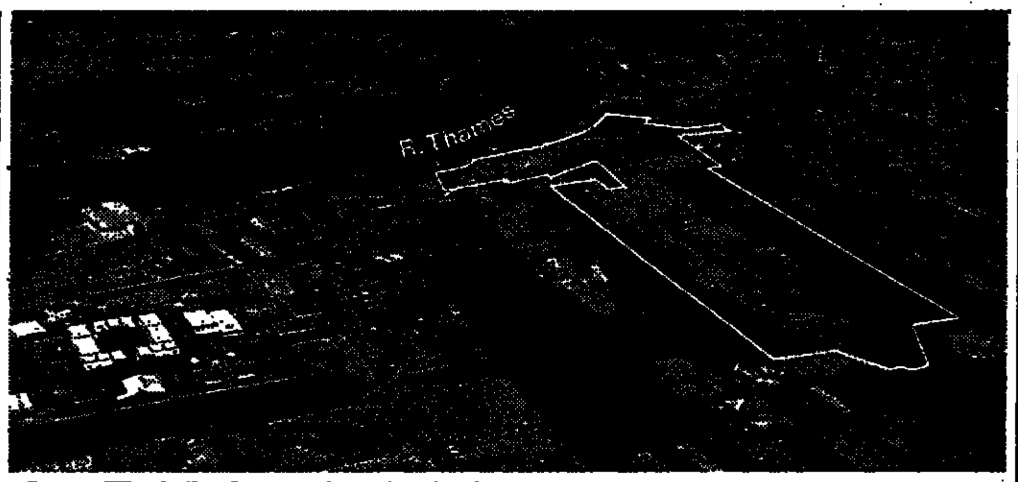
Mr Bush has seven months now to prepare his campaign against the Democrat nominee in the presidential election in November.

Mr Dole made clear that he intends to bury his publicised personal feud with Mr Bush in the interests of a united Republican party in the November election.

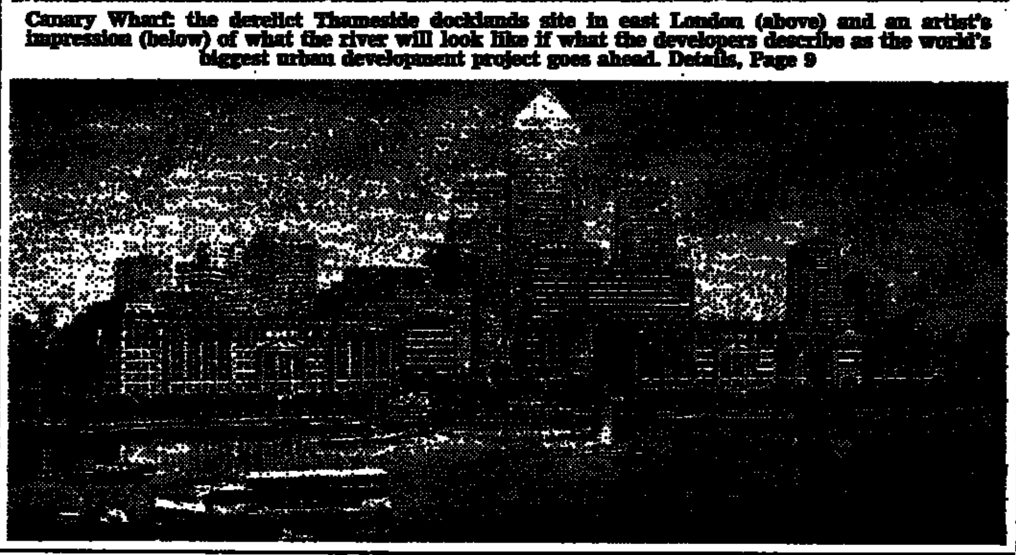
Flanked by his wife, Elizabeth, and his daughter Robin, he said: "The bottom line is keeping the White House Republican. That is the bottom line."

Yesterday's concession of defeat appeared a wrenching public admission for the former World War II hero who, at 64, will probably not get another shot at the presidency.

His decision to signal the end of his campaign may partly have been influenced by the need to protect his position as Senate Minority leader. Further humiliating defeats could have encouraged a challenge from one of his fellow Senators, according to aides



Canary Wharf: the derelict Thameside docklands site in east London (above) and an artist's impression (below) of what the river will look like if what the developers describe as the world's biggest urban development project goes ahead. Details, Page 9



Israeli army threatens to extend shutdown

Continued from Page 1

by the US Secretary of State, Mr George Shultz, as well as Israel's forthcoming 40th anniversary celebrations.

For the first time since June 1967, Israel and the occupied territories - excluding the annexed areas of East Jerusalem and the Golan Heights - were completely sealed off from each other yesterday.

Increasing the sense of isolation among Palestinians, all telephone links between Israel and the Gaza Strip were cut on the army's orders.

In Jerusalem, the Foreign Press Association, Israeli editors and the Israel Journalists Association protested against the new media restrictions.

By recent standards, the day passed off comparatively peacefully in both the West Bank and Gaza Strip, judging by the piecemeal information that could be gathered by telephone.

The only serious clash confirmed was in the village of Zaita.

Pound up as Tokyo supports $

BY SIMON HOLBERTON IN LONDON

STERLING rose sharply on foreign exchange markets yesterday and the dollar staged a mild recovery after the Bank of Japan intervened to support it.

The pound gained two pfennigs and more than a cent in active trading. Most of the gains occurred earlier in the day in Far East trading but traders said they were well supported and extended by solid corporate business in London and Europe.

Share prices in London also rose. The FT-SE 100 index closed 18.6 up at 1,765.6 and the FT Ordinary index closed 11.2 higher at 1,405.6. Domestic factors, such as the planned acquisition by British Aerospace of the Rover Group, helped but analysts said the market still lacked solid institutional backing.

The current strength of the pound and the fragility of the share market has prompted speculation that the UK Government might lower interest rates again, although the extent to which this might conflict with its anti-inflationary aim remains unclear.

On a trade-weighted basis the pound is higher in value that it was on March 18 when the Bank of England engineered a ½ point cut in base rates to 8½ per cent.

In the foreign exchange market analysts said remarks by Mr Robin Leigh-Pemberton, Governor of the Bank of England, to the House of Commons Treasury and Civil Service Committee on Monday evening had been interpreted as bullish for the pound in the short-term.

Investors in the Far East and Europe thought his remarks indicated that interest rates would remain high in order to exert a downward pressure on inflation. The stability of the pound against Britain's major trading partners was seen as secondary, they said.

Mr Nigel Lawson, the Chancellor of the Exchequer, will face the Committee this afternoon. MPs are expected to question him closely on UK exchange rate policy for any signs that he and Mrs Margaret Thatcher, the Prime Minister, are still at odds over policy.

In earlier trading in Tokyo the dollar stabilised after intervention by the Bank of Japan. It was also supported by denials from senior insurance company executives that they planned to sell the US currency next week, when the new Japanese financial year begins, and by remarks by Mr Kiichi Miyazawa, the Finance Minister, that the Group of Seven major industrialised countries still remain commited to a stable dollar.

Shaking the kaleidoscope, Page 21; Currencies and markets, Section II

British Aerospace strikes Rover deal

Continued from Page 1

icised by Labour leaders for selling the company "on the cheap." Mr Bryan Gould, Labour's trade and industry spokesman, attacked it as "an act of political irresponsibility and industrial sabotage" and demanded assurances about future investment and employment.

Mr Robert Sheldon, the Labour chairman of the public accounts committee, the main parliamentary watchdog on spending, warned of a possible inquiry into the justification for the sale and stressed the rights of taxpayers.

The terms of the sale were finally approved yesterday at a meeting of the Cabinet's economic strategy committee, and the general view of ministers and Tory MPs was of relief that at last a troublesome and costly part of the public sector had found a secure home under British control, albeit at some cost. The only Tory worries were whether the new group had sufficient resources.

In face of criticisms about a giveaway, Lord Young and Mr Clarke argued that the terms represented a bargain and were advantageous to the taxpayer after the investment of nearly £3bn in the past 12 years.

Mr Clarke refused to give specific assurances about future employment although he said workers should feel added security from the potential benefits of being in the private sector.

A rival bid to BAe from a large automotive group had been expected after the surprise announcement of the BAe/Rover negotiations early in March.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	61	Dubrovnik	S	16	61	Malta	C	14	57	Rhodes	F	14	57
Algiers	C	19	66	Edinburgh	R	5	41	Manchester	F	9	48	Rio de J'o	F	37	98
Amsterdam	F	9	48	Faro	S	19	66	Manila	F	35	95	Rome	F	16	61
Athens	F	13	55	Florence	-	-	-	Melbourne	S	25	77	Salzburg	S	9	48
Bahrain	S	23	73	Frankfurt	C	9	48	Mexico City	-	-	-	San Francisco	C	8	46
Bangkok	F	36	97	Funchal	F	17	63	Miami	C	25	77	Seoul	S	15	59
Barcelona	F	14	57	Geneva	F	12	54	Milan	S	14	57	Singapore	F	32	90
Beirut	C	18	64	Gibraltar	S	16	61	Montreal	F	-2	28	Stockholm	F	5	41
Belfast	F	8	46	Glasgow	F	9	48	Moscow	S	6	43	Strasbourg	C	11	52
Belgrade	R	6	43	Guernsey	R	7	45	Munich	S	11	52	Sydney	S	25	77
Berlin	C	9	48	Helsinki	C	1	34	Nairobi	F	26	79	Taipei	R	17	63
Biarritz	F	18	64	H. Kong	R	18	64	Naples	S	16	61	Tangier	F	17	63
Bombay	S	32	90	Innsbruck	S	10	50	Nassau	F	28	82	Tel Aviv	C	18	64
Bordeaux	C	15	59	Inverness	S	7	45	New Delhi	S	28	82	Tenerife	S	20	68
Brussels	F	10	50	Islamabad	F	26	79	New York	C	6	43	Tokyo	R	9	48
Budapest	C	11	52	Istanbul	C	10	50	Nice	F	17	63	Toronto	C	3	37
B Aires	C	23	73	Jakarta	-	-	-	Nicosia	R	19	66	Tunis	S	18	64
Cairo	S	22	72	Jersey	R	9	48	Oporto	C	14	57	Valencia	F	18	64
Cape Town	S	21	70	Jo'burg	F	25	77	Oslo	C	4	39	Venice	F	13	55
Caracas	C	27	81	Lima	-	-	-	Paris	F	10	50	Vienna	F	9	48
Casablanca	S	18	64	Lisbon	F	20	68	Peking	C	10	50	Warsaw	F	9	48
Chicago	R	11	52	London	C	8	46	Prague	C	9	48	Washington	C	7	45
Cologne	R	9	48	Los Angeles	C	16	61	Reykjavik	Sn	-1	30	Zurich	F	9	48
Copenhagen	R	3	37	Luxembourg	R	6	43								
Corfu	F	13	55	Madrid	C	15	59								
Dallas	-	-	-	Majorca	F	16	61								
Dublin	F	9	48	Malaga	F	17	63								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain
S-Sun Sl-Sleet Sn-Snow T-Thunder

ANC accuses S Africa of Dulcie September murder

Continued from Page 1

killed four people described by Pretoria as ANC "terrorists," living in a suburb of the capital, Gaborone. The Botswana Government denies Pretoria's charge.

ANC members have been targets of nine officially acknowledged South African cross border raids (excluding incursions into Angola) into Botswana, Zambia and Zimbabwe since 1981.

The raids have claimed the lives of 146 people. Many of the victims of the raids, however, have had no ANC links.

Gunmen, allegedly South African, have also been responsible for killing or kidnapping ANC officials in Zimbabwe, Lesotho and in Swaziland.

Two ANC executive members, Mr Cassius Make and Mr Paul Dikeledi, were assassinated in Swaziland in July last year.

In 1982, a parcel bomb killed a prominent ANC member, Ms Ruth First, in Maputo, Mozambqine.

SECTION II – COMPANIES AND MARKETS
FINANCIAL TIMES
Wednesday March 30 1988

Beazer takes Koppers bid battle to local newspapers

BY JAMES BUCHAN IN NEW YORK

BEAZER, the UK-based housebuilding and aggregates group which is battling for control of Koppers of Pittsburgh, has sought to quell a storm of local opposition to its $1.78bn bid by buying full advertisements in the city's newspapers.

In an open letter to the city and employees of the chemicals and materials group published on Monday, Mr Brian Beazer, chairman of the UK company, challenged a wide-ranging Koppers' campaign against Beazer and its partners in the bid, NatWest Investment Bank of the UK and Shearson Lehman, the Wall Street investment firm controlled by American Express.

The campaign, which has stunned Wall Street with its vigour and stridency, has enlisted the support of Pennsylvania state officials, from Governor Robert Casey downwards, and local US congressmen, who allege that the takeover could cost some of Koppers' 1,300 jobs in Pittsburgh.

Wall Street fears that Pennsylvania's stand could become a model for the defence of favoured local companies against takeover. "Other states will jump on the bandwagon if Pennsylvania succeeds," says Ms Brenda McCoy, an analyst at PaineWebber.

Koppers has not rejected the $60-a-share Beazer offer, but says it is talking with third parties about a counter-scheme.

Mr Beazer's letter is the latest step in a belated effort to head off the Koppers campaign, which has produced a crop of local lawsuits against the bidding group, but has focused sharply on the roles of Shearson Lehman and American Express. The state Treasurer has boycotted Shearson's investment banking services and there have been demonstrations against American Express.

State and city officials accuse Shearson of conceiving the bid for Koppers and bringing it to Beazer. While Shearson is putting up more than $500m in debt financing, Pennsylvania officials complain bitterly about the $23m in equity that Shearson has contributed to the bidding group.

Roper supports $507m GE bid

BY OUR FINANCIAL STAFF

ROPER, the US manufacturer of kitchen stoves and garden tractors, has recommended to its shareholders to accept a $54-a-share, or $507m, takeover offer from General Electric. Whirlpool, a competing appliance manufacturer, said it was "disappointed but undetered" by Roper's switch of support to GE from an earlier takeover agreement with Whirlpool.

Whirlpool said it would press in court hearings beginning next week its claim that it has a definitive and binding agreement to buy Roper. It recently raised its initial offer of $37.50 a share to $50.

Roper's board said GE's terms were "cleary financially superior" to Whirlpool's so its shareholders should use the withdrawal rights in the Whirlpool offer to reclaim their shares and tender them to GE.

The shares slipped $3/8 to $44 3/8 by early yesterday afternoon. All three companies make kitchen stoves with GE dominating the business. Whirlpool has argued that its merger with Roper would create considerably more competition in the market than a takeover by GE.

Roper has a number of attractions to both bidders including large contracts to supply stoves and garden tractors to Sears, Roebuck, the largest US retailer, under its own brand name.

GE, engaged in its first major contested takeover fight, has brought counter-suits against Roper and Whirlpool.

American Stores to sweeten Lucky bid

BY RODERICK ORAM IN NEW YORK

AMERICAN STORES, the third largest US grocery and drug retailing chain, has said it is willing to pay $50 a share for Lucky Stores if the California-based supermarket group agrees to an "expeditious" friendly deal.

American has begun its original tender offer of $45 a share but Lucky's share price, up $1 5/8 to $50 1/4 in early trading yesterday, comfortably exceeds it. Lucky's board has urged its shareholders not to tender their shares until it has made a recommendation.

Analysts believe the price will rise further, to perhaps $55 a share, before a deal is clinched by American, Lucky's management – if they decide to attempt a leveraged buyout – or a third party.

Salt Lake City-American has offered, if the takeover is successful, to combine its Alpha Beta stores with Lucky's under the latter's name.

The combined business would be run by Lucky's present management under its low-price business strategy. Analysts consider Lucky's management to be independent-minded and therefore likely to fight to retain their full independence.

Lucky and American combined would have annual sales of more than $21bn a year, making it the largest US grocery retailer.

Odyssey increases offer for Stevens

By Anatole Kaletsky in New York

ODYSSEY PARTNERS, the New York investment firm which has joined management at J.P.Stevens in trying to buy the second largest US textile group, yesterday raised its bid to $64 a share or $1.14bn.

The offer, which topped an earlier Odyssey bid worth $61.50 a share, was prompted by last week's announcement of a hostile tender for Stevens shares by West Point-Pepperell, the biggest US-based textile manufacturer.

West Point has proposed to pay $62.50 per Stevens share in its tender offer, but has also suggested an alternative transaction, worth $64, if Stevens' management signs a friendly merger agreement by April 5.

Odyssey already has the Stevens board's approval for a merger so it seems to have regained the tactical advantage by offering to match West Point's higher price.

However, the market continued to show scepticism about the possibility that the auction for Stevens would go much higher. The company's share price rose $1¼ to $64¾ yesterday morning, suggesting that only a minor sweetening of the $64 offer is expected.

Odyssey yesterday said its bid was more likely to succeed because of the potential anti-trust problems which might be faced by a combination of the two leading US textile groups.

However, arbitrageurs who favoured the West Point bid noted that it was not conditional on any financing commitments and that satisfactory proposals for spinning off some of the overlapping businesses had already been worked out.

Even if West Point ultimately buys Stevens, Odyssey stands to profit from the auction. Under its original agreement with Stevens, Odyssey would receive $17m towards its expenses if the company eventually accepted a West Point bid.

Boost for Swedish group will increase pressure on GEC-Plessey venture launched yesterday

Ericsson set to win more BT orders

BY DAVID THOMAS IN LONDON

ERICSSON, the Swedish telecommunications company, looks set to win a large increase in orders from British Telecom for public digital exchanges.

This will put extra pressure on GPT, Britain's flagship telecommunications equipment joint venture between General Electric Company and Plessey which was formally launched yesterday. GPT dominates most areas of telecommunications equipment sales in the UK.

Mr Richard Reynolds, GPT's managing director, yesterday stressed that one of the joint venture's main aims was to build up its overseas sales, currently running at 20-25 per cent of its £1.2bn ($2.1bn) turnover, partly through seeking alliances with foreign companies.

He also expects to announce details of job losses among the joint venture's 23,000 workers which will flow from the elimination of overlapping capacity by the end of April.

Ericsson, which makes its public exchange in the UK jointly with Thorn EMI, won about a quarter of the latest tranche of orders announced by BT yesterday and appears on course to win about a third of future business.

Thorn Ericsson had won few orders in the previous two tranches and was widely believed to be experiencing teething troubles in introducing its exchange into BT's network.

Industry observers now believe that Thorn Ericsson will in future win about 1m of the 3m lines which BT is planning to order each year, although the exact pattern of orders will depend on competitive bidding between the two exchanges.

Senior Ericsson executives predicted last June that Thorn Ericsson was on course for 1m lines a year from BT, but the claim was generally dismissed at the time as wildly ambitious.

Future increases in orders for Thorn Ericsson are likely to be seen as a reaction by BT to the reduction in competition for its exchange orders following the creation of the GPT joint venture. GEC and Plessey used to enter separate bids for exchange orders.

Leigh charts path to recovery

BY DAVID OWEN IN TORONTO

LEIGH INSTRUMENTS, the Canadian electronic communications supplier which is the subject of a spirited bidding war between Plessey of the UK and the Nova Scotia-based IMP Group, has learnt the hard way that diversification does not always pay.

Plessey's latest bid of C$7 a share, 25 cents more than the most recent offer from IMP, was yesterday recommended by Leigh's board, giving the UK group an edge in the tussle with IMP.

Leigh, founded in 1961, flirted with bankruptcy following an ill-advised decision in the 1970s to branch out into anything from stereophonic speakers to portable airport control towers.

However, today the future of the Ottawa-based company looks relatively rosy. This is thanks to successful refocusing on traditional areas of expertise: crash position indicators, flight data recorders, and on-board communications system for ships and an aircraft navigation system.

Mr Mark Lawrence, an analyst with Prudential-Bache in Toronto, said: "Their strategy has been to streamline business efforts into specific military markets where there is a niche for small players. They have a three-year track record that is very good."

There have been two main architects of the group's recovery.

Mr John Shepherd, the co-founder who returned to Leigh after a five-year absence in a 1979 boardroom coup staged by unhappy shareholders, dramatically down-sized the loss-making industrial products unit and concentrated resources on a handful of tried and trusted product lines, primarily in avionics.

However, performance remained lacklustre. In three years, revenues fell more than 50 per cent from 1980 levels to just C$25m. It was only with the arrival of Mr Barry Flower as president and chief executive in 1983 – a year in which the company lost C$17m – that real headway began to be made.

LEIGH INSTRUMENTS FIVE-YEAR RECORD*

	Revenues (C$m)	Earnings per/shr (C$)	Book value (C$)
1983	25.1	-0.26	0.56
1984	31.9	0.08	1.23
1985	32.6	0.08	1.55
1986	38.5	0.17	1.94
1987	52.7	0.31	2.34

* Year ends June 30

Mr Flower, who served his defence electronics industry apprenticeship with Hunting Engineering and Marconi in the UK, quickly scythed Leigh's crushing C$26m debt load with a three-point plan of asset disposals, debenture conversions and a preferred share offering. This included the sale of what remained of the ill-starred industrial products unit.

The pruning had the desired effect: in 1984, Leigh recorded a small C$2m profit on revenues of C$32m.

Fiscal 1987 (ended June 30) was something of a banner year for Leigh. Net earnings soared 51 per cent to C$6.2m on revenues up more than a third to a record C$52.7m.

When the current bidding war began, the company's sights were firmly set on international expansion. It had assembled a C$20m warchest to fund a joint venture acquisition in the US or UK and had recently launched an export development programme to sell Shincom to other Nato navies.

It is this desire to step up international marketing of the company's growing range of defence electronics products which makes a takeover by a global supplier of Plessey's size and calibre so attractive.

From the viewpoint of Plessey, whose bid values Leigh at slightly over C$100m, the Ottawa-based concern would provide an established window on to the Canadian defence market at a time when Mr Brian Mulroney's Conservative administration is embarking on a 15-year programme of increased defence spending.

Yves St Laurent turns in FFr149m

By George Graham in Paris

YVES SAINT LAURENT, the French fashion and cosmetics house, has reported net profits of FFr149m ($26.5m) for 1987 on sales of FFr2.54m.

The results include for the first time the perfumes and cosmetics marketed under the Yves St Laurent name by the US group, Charles of the Ritz, which were bought back last year for $630m. The YSL group has since sold off the rest of the Charles of the Ritz perfumes, other than its own name brands, for around $150m.

Perfumes and cosmetics accounted for FFr2.24bn of sales, with FFr299m of sales in the couture, ready-to-wear clothing and accessories divisions. Over 80 per cent of production was exported, and the group was the largest exporter of French perfumes and cosmetics.

The launch of the new scent, Jazz, is expected to lead to a further increase in sales this year.

Saint Laurent had to put off its planned stock market flotation last year, originally scheduled for December, in the wake of the world financial markets crash. The flotation is now planned for the fourth quarter of this year, if the stock market remains stable.

Gross operating profits reached FFr440m last year, and the heavy financial costs linked to the purchase of Charles of the Ritz are expected to be reduced next year. The group reduced its borrowings by FFr1.06bn over the course of the year to a total of under FFr1.9bn, compared with equity resources – including convertible bonds – of over FFr2bn.

The Yves Saint Laurent group is controlled by Compagnie Financière Saint Laurent, itself 51 per cent-owned by Mr Saint Laurent and his business partner, Mr Pierre Berge, and 49 per cent by the Cerus group of Mr Carlo De Benedetti.

Cariplo seeks share stake in Santander

BY ALAN FRIEDMAN IN ROME

CARIPLO, Italy's largest savings bank, disclosed yesterday that it is negotiating to acquire a shareholding in Banco di Santander, Spain's fourth largest bank with a stock market value of around Pta614bn ($5.6bn).

Mr Roberto Mazzotta, Cariplo's chairman, said he expected to announce the purchase of a significant stake before the end of this year.

Cariplo and Santander have been in talks since the beginning of the year and an announcement of a strategic cross-shareholding has been widely expected from the two banks.

In terms of net profits the Milan-based Cariplo is the smaller of the two. Its earnings last year rose 18 per cent to L212bn ($169.5m). Santander's net profits for 1987 totalled Pta26.7bn ($243m), a gain of 20 per cent.

The link is seen as part of the general move by Europe's banks to internationalise operations ahead of 1992 and the liberalisation of the Community's financial markets. Cariplo also announced yesterday that it had acquired 65 per cent of Compagnie Internationale de Banque, a small private bank in Paris.

Cariplo's customer deposit base rose by 8.6 per cent to L29,185bn last year, while its total loan book was 14.3 per cent higher at L25,447bn.

Mr Mazzotta said that Cariplo plans to add 60 more branches to its network of 440 in Italy.

BCI to expand network

BY OUR ROME STAFF

BANCA COMMERCIALE Italiana (BCI), Italy's second largest state-owned commercial bank, is planning to expand its national network by adding 350 more branches over the next five years. The Milan-based BCI currently has 500 branches in Italy.

Mr Enrico Braggiotti, chief executive, yesterday described the plan – the largest expansion of an italian branch network in recent history – as a move designed to strengthen the bank before Europe-wide liberalisation reforms come into effect in 1992. "It is no longer true that small is beautiful in Italian banking," said Mr Braggiotti.

At the same time the bank announced a 8.5 per cent rise in its 1987 net profit to L314.4bn ($251.5m). The bank's gross operating result declined by 2.2 per cent to L726.6bn, in part because of a write-down of its portfolio of stocks and bonds.

BCI's total deposit base grew by 6.3 per cent last year to reach L29,204bn. Total loan book was up by 8.4 per cent to L16,606bn and net assets at the year-end stood at L4,127bn.

Aeritalia in US move

A 40 PER CENT rise in profits last year and the purchase of a 40 per cent holding in a Texan aircraft engineering company were announced yesterday by Aeritalia, the Italian aerospace company, writes John Wyles in Rome.

On a turnover of L1,586bn ($1.29bn), up 13 per cent, Aeritalia recorded a profit of L51bn. Sales from the space sector rose by 25 per cent to become 10 per cent of turnover.

The Texas investment is Dee Howard, a private company specialising in conversions and refitting of commercial airliners. Aeritalia has an option to acquire a further 20 per cent of Dee Howard.

Pargesa growth sparks rise in dividend

By Our Financial Staff

PARGESA, THE Swiss holding company led by Mr Albert Frere of Belgium and Mr Gerard Eskenazi of France, yesterday reported increased profits for 1987 and proposed to pay a higher dividend.

Net profits for last year rose by 9 per cent to SFr160m ($116.8m), having been more than a fifth ahead at the half-way stage. The performance is allowing the company to lift its dividend by SFr2 a share to SFr62.

Pargesa said the dividend represents an effective 6.6 per cent increase in payout after adjusting for an increase in the number of shares in issue.

According to the company that the driving force behind the year had been strong earnings from its banking interests, including Banque Paribas (Suisse) and Banque Internationale à Luxembourg. Income from Groupe Bruxelles Lambert, the second largest financial holding company in Belgium after the embattled Société Générale de Belgique, was also buoyant.

The gains made in these areas more than compensated for what Pargesa descibed as a lesser contribution from Drexel Burnham Lambert, the New York-based investment bank in which Pargesa has an indirect 28 per cent stake.

Spantax closes down

SPANTAX, the Spanish charter airline, is to cease trading because of financial problems. A company official said the airline was closing "because we are in debt," but declined to give a figure for borrowings, writes Our Financial Staff.

Ebro appeals to Kuwaiti parliament

BY OUR FINANCIAL STAFF

EBRO, SPAIN'S biggest sugar producer, has taken its fight to shake off the unwelcome attentions of the Kuwait Investment Office into the very heart of the enemy territory – by appealing to the Kuwaiti parliament.

The takeover bid from the KIO, claims Ebro, conflicts with Islamic business ethics. A company official said a letter had been dispatched to the President of Kuwait's Parliament giving details of Ebro's extensive distilling interests.

The letter apparently makes explicit reference to the Islamic code of business ethics which debars Kuwaiti businesses from engaging in alcohol-related activities.

Three years ago the Kuwaiti parliament is understood to have protested strongly when it discovered that the KIO had built up a stake in Arthur Bell, the Scottish whisky distiller.

The KIO has launched a Pta24bn ($121m) bid for control of Ebro through a Spanish company – Torras Hostench – in which it holds a 45 per cent stake. Torras already owns around 16 per cent of Ebro.

As well as controlling 35 per cent of the Spanish sugar market, Ebro is Spain's largest alcohol distiller, producing 30m litres of alcohol a year from molasses mainly for use in white spirits, such as vodka and gin.

At the weekend a Madrid court ordered the suspension of the takeover on the grounds of alleged technical irregularities. However, this situation may prove temporary and in the meantime Ebro is determined not to lose the initiative.

It is pushing up its interim dividend sharply for the year ending April, 1988. Shareholders are being offered Pta150 gross a share. This compares with the Pta30 interim payment made for last year.

At the same time Ebro said it planned to increase its capital by up to 50 per cent. Proposals would be put to an extraordinary general meeting for which a date has yet to be set.

Fiat-style marketing lifts Alfa Romeo sales 27.4%

BY JOHN WYLES IN ROME

THE INTRODUCTION of Fiat marketing techniques at Alfa Romeo appears to be paying dividends in the shape of a 27.4 per cent increase in sales this year, well above the 16 per cent growth of the Italian market.

Revealing the details yesterday, Mr Vittorio Porta, the company's director of sales in Italy, said that 38,381 cars had been delivered to customers in the first quarter, compared with 30,000 in the same period last year.

The new luxury saloon largely designed before the Fiat takeover at the beginning of last year – the Alfa 164 – is partly responsible for the growth with 5,200 models having been sold since its launch last autumn. Orders for the car have now reached 18,500. But the Alfa 75 saloon is also having a very successful year, with monthly sales of 5,000, which are 24 per cent up on last year.

On the export side, which concerns only the 75 and Alfa 33, sales are also climbing by about 24 per cent. Overall, Mr Porta said he expects car production this year to rise from 200,000 vehicles to 220,000. Fiat's plan for Alfa envisages the introduction of more new models and annual sales of around 390,000 by 1991.

The company yesterday unveiled its "33 sport wagon," a 120mph version of the 33 estate car which is currently selling about 1,400 models a month.

Fermenta reduces losses

BY SARA WEBB IN STOCKHOLM

FERMENTA, THE Swedish animal health and chemicals group, reported a sharp cut in losses for 1987, helped by divestments during the year and higher income from its plant protection operations. The group expects to revert to a profit for 1988.

Losses after financial items reached SKr113m ($20.3m) in 1987 compared with SKr545m in 1986. Group sales dropped from SKr3.03bn to SKr2.73bn, chiefly because certain units were sold.

Taking comparable units, Fermenta said sales increased by 8 per cent, with its plant protection business showing a 28 per cent increase in dollar terms.

Fermenta's new management has sold most of the loss-making antibiotics operations

Delhaize shrugs off fall in value of the dollar

BY WILL DAWKINS IN BRUSSELS

DELHAIZE LE LION, the Belgian supermarket group, recorded a 13 per cent increase in net consolidated profits last year and will increase its dividend by BFr7 to BFr30 a share.

The profits rise, from BFr1.35bn in 1986 to BFr1.53bn ($44m), comes in spite of a fall in Belgian sales and an 18 per cent drop in the value of the dollar – over 60 per cent of group turnover comes from the US.

Group sales rose from BFr168bn to BFr170bn. This included US sales up 22.7 per cent to $2.95bn, with net income up by 33.8 per cent to $85.8m. Sales of the domestic company climbed 5.5 per cent to BFr62.7bn. Net retail business earnings slipped from BFr273m to BFr266m, while investment income rose from BFr135m to BFr279m.

Pingo Doce, the Portuguese unit lifted sales 65 per cent to Es10.5bn ($76.5m), due to takeovers, but acquisition costs changed an Es52m profit into an Es88.5m loss.

Singapore top banks' total profits hit record

By Roger Matthews in Singapore

SINGAPORE'S FOUR main banking groups together reported record net profits last year of S$459m (US$228m), a satisfactory performance according to most analysts, but towards the low end of market expectations.

With loan demand still sluggish and increasing at a slower rate than the nearly 9 per cent real growth in the economy last year, little improvement in overall earnings is expected during the current year.

The Government's sweeping measures to cut business costs in the wake of the 1985 recession survived intact in the budget earlier this month. This, together with more general concern about the outlook for the US economy and therefore the scope for growth in Singapore exports, is limiting borrowing requirements.

An industry analyst said: "One of the more significant trends has been the continuing high growth rates in the banks' assets, with new deposits going straight into the interbank market – not the most profitable banking activity. What everyone is waiting for is a more sustained increase in business confidence."

Development Bank of Singapore was the most profitable, with group net profits of S$158.4m, up 24.5 per cent, while United Overseas Bank registered the largest percentage increase of 31.5 per cent, at S$139.5m. Oversea-Chinese Banking Corporation achieved a record S$130.9m, up nearly 25 per cent.

Overseas Union Bank, the smallest of the four, was the only one to report a fall in earnings, by 4.5 per cent to S$34.2m, following a bad second half.

All four banks have made further provisions for bad loans and possible equity market losses, but on a more modest overall scale than in the previous two years.

Brierley sells retailer to Coles

BY CHRIS SHERWELL IN SYDNEY

FURTHER CHANGES to Sir Ron Brierley's business empire emerged yesterday when Coles Myer, Australia's largest retailer, said it would pay NZ$477.5m (US$309m) for control of Progressive Enterprises, one of New Zealand's largest retail groups.

The 87.2 per cent stake was owned by Magnum Corporation, which is in turn 70 per cent controlled by Brierley Investments, Sir Ron's master company.

Coles's purchase represents an important expansion abroad for a group which is measured as the world's second largest retailer outside the US. With its existing 11.2 per cent stake, Coles will soon be able to move to full control of Progressive.

It also reflects a big decision by Sir Ron. With 40 per cent of Woolworth's in Australia, he had hoped to create a trans-Tasman retail group capable of taking on Coles. That plan now seems to have been dropped.

Progressive is his second big sale in less than three weeks. He also sold two industrial subsidiaries – Winstone and Consolidated Metal Industries – and his stake in Petrocorp to Fletcher Challenge, New Zealand's largest company, for a total of NZ$661m.

This infusion of cash will go some way towards funding two large takeover bids launched in the same period – the A$825m (US$604.8m) joint bid with Mr Kerry Packer for Mr Robert Holmes à Court's Bell Resources in Australia, and a US$1.2bn bid for CalMat, California's biggest cement producer.

For Coles, Progressive is an attractive acquisition, even at a total outlay of NZ$537.5m. Primarily a supermarket company, it has more than 50 stores, 8,200 employees and projected annual sales of NZ$800m for the year which ends this week.

Mr Brian Quinn, chairman of Coles, said Progressive would be run as a separate business but Coles hoped to expand its own retail interests in New Zealand.

The purchase is subject to approval by the New Zealand Commerce Commission and the Overseas Investment Commission.

Hutchison Whampoa lifts earnings and dividend

BY DAVID DODWELL IN HONG KONG

HUTCHISON WHAMPOA, Mr Li Ka-shing's Hong Kong group with interests spanning port operations, property development, telecommunications and oil exploration, lifted net profits 15 per cent last year to HK$1.86bn (US$238.5m) from HK$1.62bn.

The group also earned extraordinary profits of HK$764m, up from HK$563m, mainly derived from property sales.

A final dividend of 24 cents per share makes a total for the year of 34.6 cents. This compares with 25.1 cents in 1986.

Mr Simon Murray, managing director, signalled that the group was poised for major investments, with borrowings trimmed to about 15 per cent of shareholders' funds worth HK$14.4bn.

Hutchison is understood to be a leading contender to develop the next extension of Hong Kong's Kwai Chung container terminal where its Hongkong International Terminals subsidiary already dominates container business.

The successful bidder, which is expected to be named on April 13, is likely to pay a tender price alone that amounts to about HK$2bn.

Hutchison Telecommunications, the subsidiary contesting the franchise to provide cable television services to Hong Kong, would also face investments of about HK$2bn if it were to succeed in its bid. A government decision on the licence is likely to be made in September.

The group disposed early in the year of a 5 per cent stake in Pearson of the UK, which owns the Financial Times. It moved on to spend about HK$3bn on a similar percentage stake in Cable & Wireless, the UK-based telecommunications group.

Of the Cable & Wireless holding, Mr Murray said yesterday: "The investment has quite a long way to go yet – there is an end-play that is still not public and is still a way down the line yet. We don't want to show all of our cards at the same time."

Hutchison remained a long-term holder, however: "Our slug of Cable and Wireless at least puts us at the table in what is really quite a big man's game."

While competing fiercely in the colony with Hong Kong Telecommunications, a Cable & Wireless subsidiary, over the cable TV franchise, Hutchison has recently agreed a joint venture with Cable & Wireless to launch a telecommunications satellite over China at a probable cost of about US$150m.

Air New Zealand to stay under government control

BY DAI HAYWARD IN WELLINGTON

THE NEW ZEALAND Government has indicated that it is likely to retain majority control of Air New Zealand, the national flag carrier, and it could be another year before any stake in the airline is sold.

Originally the Government announced that it wanted to privatise at least 25 per cent of the airline by the end of this month but Treasury officials have been pushing for the entire company to be sold off.

Mr David Lange, the Prime Minister, has now said that his Government will not sell all of Air New Zealand. A maximum of 35 per cent is now likely to be offered to interested parties. British Airways is among potential foreign partners to have shown interest.

A likely deadline is March 1989. This is because the recent sale by the Government of its holdings in NZ Steel and Petrocorp, the energy group, has taken the pressure off its need to raise finance.

Brierley Investments (BIL), Sir Ron Brierley's New Zealand company, says it would be interested in acquiring a stake in Air New Zealand but so far it has had no discussions with the consortium appointed by the Government to advise on the potential sale. If it bought into Air New Zealand, BIL would sell its existing 32 per cent holding in the competing Ansett New Zealand.

●BIL is moving to increase its media interests in New Zealand, by bidding for full control of NZ News, one of the county's big three publishing groups.

Brierley has gradually built up its stake in NZ News to 64 per cent and is now offering NZ$3 a share for the remaining shares.

NZ News publishes evening newspapers in Auckland and Christchurch as well as a number of daily provincial newspapers and a range of magazines.

BIL has commercial radio interests in Wellington and Auckland.

United Mizrahi back in the black

By Andrew Whitley in Tel Aviv

UNITED MIZRAHI Bank, the medium-sized Israeli bank, returned to the black last year, with net profits of Shl 15.7m ($10.2m) against an after-tax loss in 1986 of Shl 26.8m.

After being the laggard of the pack, the latest results were well in line with those already reported by other leading Israeli banks. Mr Michael Zviperi, Mizrahi's new managing director, said: "We're back on track again."

In common with its rivals, Mizrahi's much improved performance owed a great deal to one-time factors such as last year's exceptionally high returns on so-called unlinked shekel deposits, as well as reduced top tax brackets.

Profits are thus not expected to grow at the same rate in 1988. Disposals of non-banking assets produced a substantial increase in working capital last year of some Shl 60m. But the price was losses equivalent to $8m on the 21 property transactions involved.

Provisions for doubtful loans were marginally up on the previous year at Shl 89m, of which 40 per cent was attributed to the farm sector.

Including its subsidiaries, the Tefahot Mortgage Bank and UMB Trust Company of New York, the Mizrahi group made net profits of Shl 28.1m against a loss in 1986 of Shl 25.5m. However, the previously profitable New York subsidiary reported a loss of $700,000 last year, against a net profit of $5.6m.

Jardine acquires optician chain

By Our Hong Kong Correspondent

JARDINE MATHESON, the Hong Kong trading house, has acquired Optical Shop, a chain of 37 optician outlets for HK$277m (US$35.5m).

The purchase will add to the group's retailing and franchising operations in Hong Kong and will be seen as answering critics who claim it is withdrawing from operations there.

Sekisui House boosts income

SEKISUI HOUSE, Japan's leading homes builder, boosted pre-tax profits by more than half from Y23.13bn to Y35.76bn ($288.4m) in the year to January on sales up from Y507.4bn to Y605.6bn, reports Our Financial Staff.

The dividend is up by Y3 to Y18 a share, a level which Sekisui expects to maintain in the current year. It expects further earnings growth to Y45.5bn before tax on turnover of Y680bn.

George Graham on moves towards a bank capital adequacy standard

French win country risk argument

FRENCH BANKS have been embarrassed for years by the apparent weakness of their balance sheets in comparison to their large international rivals.

Now, as the Bank for International Settlements moves towards a common standard for measuring banks' capital adequacy in its member countries, the French have won recognition for the element of their capital base which does not show up in most international comparisons – their substantial stock of general provisions for potential bad debtor nations.

The BIS committee chaired by Mr Peter Cooke, of the Bank of England, has accepted in its consultative paper on bank capital standards the French argument that general provisions should be counted in the second tier of capital – not the first tier composed of fully paid-up equity and disclosed reserves, but at least as part of a bank's general safety net against future calamity.

The French banking commission plans to allow country risk provisions to be counted in the second tier of capital up to a limit that will fall to 2 per cent of assets by 1992. The US banking supervisors plan to apply a 1.25 per cent limit, while the Bank of England is not expected to count country provisions at all.

On equity measurements alone, most French banks appear seriously undercapitalised. The big banks' capital resources represented only 1.91 per cent of total assets in 1985, comparable only to Japan, and far behind the UK (3.62 per cent) West Germany (4.42 per cent) or the US (5.35 per cent).

Yet the comparison paints a misleadingly pessimistic picture, partly because the unusually high level of interbank lending in France inflates the level of assets, and partly because it does not take into account the heavy provisions made by the large French banks, which have historically preferred to build up their reserves rather than pay dividends to a shareholder – the state – which put up no new equity in return.

By the end of 1986, French banks had covered an average of 30 per cent of their loan exposure on about 40 risk countries such as Mexico or Brazil. At the end of 1987, with new provisions set aside and the appreciation of existing provisions made in French francs compared to the declining value of loans denominated in dollars, the average cover rate is expected by the banking commission to reach close to 40 per cent.

Safety mattress

Banque Nationale de Paris, France's largest commercial bank, has provided for over 40 per cent of its risk country loans, and has even been told by the authorities to slow down its provisioning effort.

In France, though not in all BIS member countries, these country risk provisions fall into a general basket, rather than being identified as applying to a specific risk. Paris bankers, and their supervisors, argue they therefore form part of a bank's overall safety mattress.

"Provisions is not the right word. It is not the same problem as with a defaulting client, where we would say that the bank must make a specific provision against a specific company. In this case, general provisions should be considered as a universal line of defence," comments one senior official.

The French banks' association, the AFB, has given its general support to the proposals. Mr Jean-Jacques Burgard, the AFB's director, said last month that the French banks should have no large difficulties in complying with the Cooke capital adequacy proposals, either on the 8 per cent ratio adopted by the committee or on the 1991 target date for introducing the new rules.

The AFB is nevertheless keen to ensure the final rules adopted do not introduce a different treatment for domestic and foreign currency provisions, and notes that the current proposals do not go into any detail on the definitions of the different categories of provision.

The Cooke proposals are expected to bear down more heavily on some categories of banks – especially, in the case of France, on banks which rely heavily on the interbank money market for their funding.

The consultative paper suggests that interbank claims should be counted at 20 per cent of their value in the calculation of risk, and for claims on foreign banks, if the maturity is over one year, at 100 per cent. This means that French banks with large consumer deposit bases, which are heavy net lenders in the interbank market, will be compelled to increase the capital backing for these loans.

Mr André Lévy-Lang, chairman of Compagnie Bancaire, a group of specialised consumer finance and leasing companies, fears the consequences for his group, which relies on the interbank market for about 50 per cent of its FFr130bn of outstanding loans.

"The weightings on interbank claims are very high, and this will inevitably affect our margins," he says, noting also that the weightings applied to home mortgages in the risk calculations could also cause competitive distortions within the European Community.

Pervasive fear

Perhaps the most pervasive fear, however, is that France will end up being caught between two divergent attempts to standardise bank regulation.

The banking commission has already introduced some radical changes to its supervisory practices in recent years, often designed to come into line with the harmonisation efforts of the European Commission.

It has relaxed the obligation to provide for latent capital losses on immobilised bond portfolios held to maturity; clarified accounting rules for conditional exposures such as futures contracts, options and swaps; and introduced a new compulsory liquidity coefficient designed to ensure that every bank would be in a position to face a sudden disruption in its funding of up to one month.

Bankers now hope that the final capital adequacy proposals of the Cooke Committee are close enough to those eventually adopted by the European Commission for them not to end up being pulled in different directions.

An article on West German banks' attitudes to capital ratio convergence appeared on March 15.

Paris may thin out primary dealers

BY OUR PARIS STAFF

THE FRENCH Treasury has named two new banks as "correspondent brokers" in the Paris government bond market, but has placed a threat over the heads of the other primary dealers in the market.

The two banks, Caisse Centrale des Banques Populaires and Bankers Trust of the US, are expected to become full primary dealers at the end of the year, but the Treasury has indicated that it may then demote some of the 13 existing primary dealers, selected for a two year-spell at the end of 1986.

The status of primary dealer obliges a bank to make a permanent market in the full range of French Treasury bills and bonds, and in return gives it the right to make non-competitive tenders at the regular auctions of government securities.

Although some dealers – especially the discount houses which had previously specialised in Treasury bills and the stockbrokers' consortia, previously active only in bonds – got off to a relatively slow start, all dealers have been quoting two-way prices on screen for some time now.

Bankers Trust joins one other foreign bank, Morgan Guaranty, which has been established in Paris for decades and which was named as one of the first batch of primary dealers a year ago. The other primary dealers include most of the big French commercial banks such as BNP and Crédit Lyonnais, some specialised discount houses such as Banque d'Escompte and two consortia led by stockbroking firms.

Some primary dealers, which have invested heavily in setting up dealing rooms, are concerned that the Treasury may be tempted to let too many foreign banks into the market's closed circle in order to meet pressure from, for example, UK, German or Japanese candidates.

"Economically, there is not really room for more than 10 primary dealers. Beyond that, you are into the realm of diplomacy, not economics," commented a director of one primary dealer.

Turnover in the secondary French government bond market climbed by two-thirds last year to FFr1,608bn, and volume has multiplied by six in the space of two years.

Finacor set to rescue suspended broker

By George Graham in Paris

FINACOR, THE leading French money broker, has emerged as the likely rescuer of Louis Baudoin, the Paris stockbroking firm suspended from trading earlier this month for "serious shortcomings in its management and supervision."

Finacor, which was floated on the Paris second market last October, will today confirm in writing its verbal offer to take over Baudoin, which is currently being run by a court-appointed administrator.

Baudoin will first have to go into formal bankruptcy, the first time that a French stockbroker has done so. The administrator will then have to approve the rescuer and its restructuring plan.

The brokerage firm became entangled in an investigation into the activities of an associated intermediate broker, IPGF. The Commission des Opérations de Bourse (COB), the French stock exchange watchdog, has also just published a report highly critical of Baudoin's activities as market specialist in the shares of Aux Trois Quartiers, the department store group.

If Finacor is successful in its bid, it would be able to broaden its bond and equity operations, to add to its extensive operations in the financial futures market, where it is the leading broker.

World Bank expands US dealer network

By Stephen Fidler, Euromarkets Correspondent

THE WORLD Bank has expanded the dealer network in North America through which it issues its so-called Continuously Offered Longer-Term Securities.

The programme is two years old and there are $1.4bn of such notes outstanding, issued through five New York securities dealers.

In an attempt to broaden the notes' distribution to smaller institutional investors, the bank has appointed 14 regional dealers in the US and three in Canada – Dominion Securities, McLeod Young Weir, and Wood Gundy.

Issuance is currently made under a $1bn shelf registration statement with the US Securities and Exchange Commission and a filing is expected soon to expand this. The aim is for the bank to be able to issue about $1bn of such notes annually.

Europaper for Finnish groups

By Alexander Nicoll

TWO FINNISH companies yesterday announced Eurocommercial paper programmes totalling $300m. The larger, with a potential size of $200m, is for Neste, the state-owned oil and chemicals company.

Citicorp Investment Bank is arranging the programme, with Union Bank of Switzerland as the other dealer.

Finncell, a private sector cellulose concern, has appointed Bank of America International for its $100m programme, with Kansallis-Osake-Pankki and Citicorp as additional dealers.

● Air India is seeking a $150m 10-year loan for refinancing purposes, Reuter reports from Hong Kong. It has sent invitations to banks asking for proposals to be submitted by April 15.

Canadian bank dispute settled

By Robert Gibbens in Montreal

THE CANADIAN Federal Government and the provinces of Quebec and Ontario have signed agreements ending a lengthy dispute over the regulation of securities firms owned by banks.

Last year, Ottawa, as part of its programme of deregulating financial services, allowed the chartered banks to own brokers and investment dealers. Traditionally, Ottawa has regulated all domestic and foreign-owned banks, though the provinces have always jealously guarded their jurisdiction over investment dealers.

The agreements mean that Ottawa will supervise the banks and their use of capital in relation to their investment dealer subsidiaries, while the provinces will retain their jurisdiction over trading activity by these subsidiaries.

The provincial securities commissions will exchange information regularly with the federal Superintendent of Financial Institutions.

The agreements form a pattern for similar arrangements with other provinces but the prospect of a federal securities commission has now receded far into the future.

Toronto Dominion adds to Eurosterling total

BY CLARE PEARSON AND DOMINIQUE JACKSON

TORONTO DOMINION Bank added a further £75m to this week's heavy Eurosterling bond issuance yesterday as the sector firmed on a rally in sterling.

But dealers said the primary market was now looking overloaded with new paper; £355m worth has been issued by five borrowers since the weekend. However, the continued availability of swap opportunities means that further issues could not be ruled out before the market closes for the Easter break.

The five-year area of the yield curve has been particularly heavily supplied with new bonds recently, a factor limiting demand for Toronto Dominion Bank's 9⅝ per cent issue, which has a 1993 maturity. This bond was also seen as too tightly priced by many dealers – at launch it gave a yield margin of about 45 basis points over comparable gilts.

The deal, priced at 101½, was said by the lead-manager Barclays de Zoete Wedd to be trading around its 1⅞ per cent fees but it was quoted at lower levels elsewhere.

In the secondary market, Eurosterling dealers focused on the rise in sterling to around DM3.10 and marked prices up by about ¼ percentage point in the five-year area. They ignored an improvement in UK share prices.

Continued nervousness over the dollar inhibited activity in the Eurodollar sector and borrowers remained on the sidelines.

Sentiment in the sector was underpinned by a technical recovery in US Treasury bond prices, which edged higher with the dollar, further buoyed by a 0.9 per cent rise in US leading indicators in February.

Prices finished broadly unchanged in shorter maturities to marginally better, ⅛ to ¼ point better in longer paper. Volume was limited, however, as dealers began to wind trade steadily down ahead of the Easter holiday.

Monday's $100m issue at 8 per cent and 101⅛ for Toronto Dominion Bank, launched late in the day by Union Bank of Switzerland (Securities), was trading just outside fees at less 1.35 bid.

INTERNATIONAL BONDS

Dealers agreed that the issue was badly timed, noting that the market for two-year paper in the sector was already well provided with better quality names.

The other new Eurodollar issue launched on Monday, Credit Suisse First Boston's four-year deal for the European Community, was quoted around its 1⅞ fees.

Its pricing, at 100.95 per cent with an 8¼ per cent coupon, was viewed as being on the tight side, although the strength of the borrower's name was expected to ensure healthy demand.

Daiwa Europe followed up Monday's "bull-bear" deal for Swedbank with a similar issue for Banque Nationale de Paris. The Y15bn issue has two tranches, both paying 7 per cent and priced at 101⅞, with redemption amounts linked to the prevailing Japanese government bond futures contract.

Nikko Securities (Europe) also launched a "bull-bear" Y20bn deal at 7 per cent and 101⅞ for Skandinaviska Enskilda Banken, taking to four the total of these novel issues seen so far this week.

Bankers Trust International led a Ecu100m deal for IMI Bank International, guaranteed by Istituto Mobiliare Italiano, due 1992 with a 7⅞ per cent coupon and priced at 101½.

D-Mark domestic and Eurobond prices closed between ⅛ and ¼ point lower yesterday, taking their cue from overnight weakness in US Treasuries. Ten-year Eurobonds came under particular pressure, though turnover was thin overall.

In Switzerland, prices were slightly firmer, as the flow of new issues has been moderate in recent days. Yesterday, Credit Suisse announced two new issues. The first was a SFr150m convertible bond for Advantest, a Japanese semi-conductor manufacturer, paying a semi-annual 1¾ per cent coupon.

The second issue was a SFr50m three-year 4 per cent issue for Stewag, an Austrian utility, priced at 100⅞. Wirtschafts und Privatbank announced the terms of a SFr100m issue for Britannia, the UK building society, which has been restructured as a public bond after being issued as a private placement last week. The six-year 4¼ per cent bond is priced at 101.

The lead-manager said Britannia had not realised when it originally issued the private placement that UK building societies are unable, because of their regulations, to pay interest gross on bonds unless they are listed. Though the fees are higher on public issues in Switzerland, the lead-manager said a structure had been devised such that the issuer would pay no extra cost.

Norway plans options clearing house

BY KAREN FOSSLI IN OSLO

THE NORWEGIAN Government has proposed regulations for options trading which, if passed, will see the creation of an "options central," based at one of Norway's stock exchanges, to serve as a clearing house

Norwegian financial institutions including the Banking, Security and Exchange Commission, the Oslo Bourse and the Brokers' Association have been asked for their comments.

The options central is to be established as a joint stock company, the shareholders of which will be restricted to a 5 per cent stake apiece. The proposal also recommends that a security fund of NKr150m be maintained by the options central.

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on March 29

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7⅞ 92	200	96⅝	97⅛	0	+1⅛	8.47
All Nippon Air 9⅞ 97	100	†97	97½	−0¼	−0¼	9.82
American Brands 8⅞ 92	150	99⅛	99⅝	−0½	−0¼	8.96
A/S Eksportfinans 7⅞ 93	100	†94½	95	−0¼	−0¼	8.82
A/S Eksportfinans 7⅞ 92	150	95⅛	95⅝	−0⅛	−0⅛	8.67
Barc. Bk. Fin. 10⅞ 89	200	†102⅞	103⅛	−0¼	−0⅛	8.17
Belgium 9⅛ 92	400	†101¼	101⅝	−0¼	−0¼	8.68
British Telecom 7⅞ 96	250	89⅞	90⅛	−0⅛	−0¼	9.34
Cal.Natl.Telecom 8⅞ 93	160	99⅛	99⅞	−0¼	−0⅛	8.59
Canada 9 96	1000	99⅞	100⅛	−0½	−0¼	8.97
Canadian Pac 10⅞ 93	100	†104½	105½	0	−0½	9.47
C.C.C.F. 7⅛ 91	113	†96⅛	96½	−0¼	−0⅛	8.49

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅛ 92	55	102⅛	102⅝	0	0	4.77
Belgium 4⅝ 94	45	97⅞	98¼	0	−0¼	5.01
Canada 4⅛ 92	80	98⅞	99⅛	+0⅛	0	4.63
Elec. De France 5⅛ 94	20	100⅝	101⅛	+0⅛	−0¼	4.95
Ireland 5⅛ 93	30	100¼	100⅜	+0⅛	−0⅛	5.01
Norway 4⅛ 92	60	98¼	98½	0	−0⅛	4.70
Rep. of Italy 5⅛ 92	150	103⅞	104⅛	+0⅛	0	4.60
Sweden 4⅛ 92	50	98½	98⅞	0	−0⅛	4.73
World Bank 5⅛ 92	50	103⅛	103⅝	+0⅛	−0⅛	4.61

Average price change... On day +0⅛ on week −0⅛

* No information available-previous day's price

† Only one market maker supplied a price

PHILIP CANDY reckons that his very recent conversion from seat-of-the pants management to careful planning is playing a major part in his revitalisation of Clifford's Dairy Products, a small supplier of milk shakes, cottage cheese and other items to McDonald's, Marks and Spencer and other high street chains in Britain.

So he was surprised to hear the main speaker at a public seminar on business strategy a few weeks ago announce that "corporate planning is dead and nearly buried. Long live commercial common sense!"

The paradox was heightened by the venue of the seminar: Ashridge Management College, which lies just north of London. This is precisely the same business school which over the past few months has helped Candy introduce strategic analysis and a series of senior management strategy workshops to Clifford's, a 400-person division of Clifford's Dairies plc, which has a wide range of other food and drink interests. Candy, who ran the group's doorstep milk delivery business for many years, became the division's managing director just over a year ago.

The new strategy process has, as Candy puts it, "made us aware for the first time of the strengths and weaknesses of each part of the business, and is enabling us to agree a clear direction for them. In a fast-moving set of markets, we're becoming able to recognise the opportunities we're going to have, and are putting together a plan of how to get there — we're no longer purely reactive to our major customers. The strategy-making process is becoming an essential discipline in taking our company forward."

Who is right? Candy, or the speaker at the Ashridge seminar, management consultant Barrie Pearson?

The short answer is both of them.

The clue to this paradox, and its significance for companies of all sizes — from Clifford's £42m turnover right up to, and beyond, Vickers' £790m (see below) — lies mainly in Pearson's self-confessed exaggeration.

After many years of management experience in Europe and the United States within Plessey, de la Rue and

The analytical paradox

Forget the plan — have a strategy

Christopher Lorenz explains why common sense is in the ascendant in securing corporate futures

other leading British companies — he has also operated as a short-term company doctor — Pearson inveighs vehemently against the sort of sophisticated planning techniques used for many years by major multinationals, especially in the US.

The few people who really manage their businesses strategically, claims Pearson in a newly-published book* on which his Ashridge seminar was based, "use strategic common sense, *not complex planning techniques*. (These) have become so complicated that they are the preserve of 'planning experts'. The result in many companies has been long-winded business plans filed and forgotten almost as soon as they have been written."

The chief executive and his team should define a handful of major business development projects

Yet in the same breath Pearson warns that every company — be it small, medium-sized or large — needs an effective strategy. And to create that, he advocates the use of highly rigorous techniques for analysing corporate performance and competitive behaviour.

He even favours a technique for "mapping" a *portfolio* of businesses, products or services which is more advanced than the Boston Consulting Group's famous (though much-criticised) "cash cow" matrix.

At Clifford's Dairy Products, Candy has introduced the Boston matrix to augment the more basic analysis techniques introduced by Ashridge. "It was useful, when we first used it last year, to plot the relative growth and market positions of our eight product groups," he says. "Now, just a few months later, it's fascinating to *see how they* are moving on the grid: several 'dogs' (problems) have already shifted across towards more positive positions."

This has obvious implications for the allocation of human, physical and financial resources.

Beneath Pearson's seeming schizophrenia towards strategic planning *lies his wish to distinguish what he* calls "common-sense strategy" — including the judicious use of rigorous analytical techniques — from the sort of "paralysis by analysis" which has gripped many multinationals until recently.

This has given planning a bad name, especially among small and medium-sized companies, but also in larger enterprises which have come to see its dangers.

Pearson is also at pains to differentiate the way his type of strategy is created from the once fashionable practice of entrusting the planning process not to the chief executive and his team, but to planners working in isolation, especially from line managers; Pearson has nothing against planners (in companies large enough really to need them), provided they help *managers* plan, and do not do it for them.

Hence, in sum, Pearson's understandable but misleading use of the word "planning" as a pejorative. His message to Candy and the 40 other top managers who gathered at Ashridge last month — ranging from bosses of private companies with annual sales of under £10m to the divisional heads of large multinationals — was crystal clear and decidedly commonsensical.

In order to succeed, says Pearson, *companies of every shape and size* must manage strategically. That meant "raising your eyes from today" and creating time to identify and address the handful of issues which *really* were *crucial to your future*.

In developing a strategy which the whole organisation supports, Pearson advises top managers to adopt "participative autocracy" rather than true democracy. Together with their team, they should run a rapid "health check" on the company's existing businesses, and then, after evaluating *a number of strategic options, write a* collaborative but concise "vision for success", or "mission statement" — a one-page description of their communal vision for the company, reduced to "street-language" and widely distributed in order to motivate staff. "No business is too small to formu*late such a vision," stresses Pearson.*

If the vision is passionately shared by the leadership, it creates a crackle of success

Rather than being the sort of meaningless declaration of "motherhood" virtues which American multinationals spew out at the drop of a hat, the vision *statement* should be quite precise, Pearson urges. It should cover: commercial direction, rationale and priorities (eg market segmentation, *competitive differentiation and target* territories); philosophy, policies and values (eg head office/subsidiary relationships); qualitative goals (eg commitment to investment in high technology); broad financial performance targets; and (a veryunnsual suggestion) future ownership policy.

Advising chief executives to go for "a quantum (sic) leap" approach to mission-setting, Pearson praises the sort of leader who stands up and says "We can become market leader in western Europe in the next five years". In Pearson's words "there's nothing wrong with starting with the impossible and turning it into the inevitable". Provided the vision is "passionately shared by the leadership team, it creates a crackle of success and an inner confidence among staff that 'we're going to get there'."

To turn such vision into reality *more effectively than do most conventional* planning processes, the chief executive and his team should then define a handful of major business development projects — each with action plans which lay down clear accountability and tangible milestones of progress.

Instead of trying to use some dry *and anonymous planning routine for* the creation of all this clarity and commitment, Pearson urges top managers to conduct annual two-day strategic workshops, with interim reviews at six-monthly intervals to check on the progress of development projects.

Such workshops, which "are not just for the big batallions", should be conducted off-site with just the chief executive and those managers who report directly to him (or her). The entire event should be well-prepared, structured and rigorous rather than a semi-social "jolly". Everyone, including normally reticent managers, should be encouraged to speak their minds, especially about their colleagues — "this is a prime pre-requisite of management effectiveness," Pearson stresses.

When he polled his Ashridge audience on the holding of strategic workshops, a third said they already practised something of the sort. But barely a sixth did so at least annually, and with the rigour Pearson insists is necessary to the success of such events.

One of the few was Philip Candy. By the end of April he will have held three such workshops this year, the last of which will lead to the production of a detailed four-year action plan for Clifford's Dairy Products. To Candy, strategic planning cannot be just an annual exercise, nor reviews six-monthly. Both must be more or less continuous. "We're now holding business reviews every two months," he says. "In our sort of business, the goal-posts are always moving."

* *Common-Sense Business Strategy. Mercury Books (W.H.Allen). £12.95.*


Ashley Ashwood

Philip Candy: "Strategy-making is becoming an essential discipline"

Why Vickers believes in Harvard's sophisticated punditry


Sir David Plastow: a fan of Porter

SIR DAVID PLASTOW is more widely known for his charismatic leadership style and his near-obsession with employee communications than for the cerebral skills of strategic planning.

Yet the dashing chairman and chief executive of Vickers, the British printing-plates-to-Rolls-Royce-cars conglomerate, is a self-confessed fan of the arch-pundit of sophisticated strategy, Professor Michael Porter of Harvard Business School.

Plastow and his top managers were using Porter's early analysis techniques almost a decade ago at Rolls-Royce, before Plastow merged it with Vickers in 1980. And recently he called in the professor to advise his fellow directors on the hottest topic at Vickers today: whether there is still logic in owning a widely diversified portfolio of businesses.

"Porter had a fascinating influence — he gave us a useful jolt on conglomeratisation," says Dr Tony McCann, Plastow's long-standing in-house "guru", as the chairman calls him.

In his position as corporate development director, McCann combines the task of corporate planning with the steering of Vickers's management development: this combination, which dates back to 1986, is intended to accelerate "the infection of the company with a higher quality of strategic thinking," says McCann.

Plastow stresses that Porter's pathfinding work on competitive strategy and diversification has not been followed slavishly at Vickers.

But it undoubtedly influenced the decision in January to sell the group's business furniture division, a supposedly "core" unit which was enlarged less than three years ago by a key acquisition in West Germany — but which has failed to keep pace with the improving profitability of much of the rest of the group.

Exemplifying the early impact on Vickers of Porter's analysis techniques, Plastow points to the drastic cleaning-out of its portfolio after 1980. A rule was laid down that each business must be a significant world player — "not many UK companies had come to that realisation yet," says Plastow.

It led, among other things, to the painful divestment of the high-profile Rolls-Royce diesel engines business.

As international competition intensified and became more complex, Plastow and McCann felt the need for further academic input on strategy. Since 1985 they have retained Professor John Stopford, a London Business School expert on multinationals, as an adviser.

Thanks to these actions, and the discipline of the regular strategic planning process (which for most Vickers divisions is still an annual exercise), "the quality of strategic debate is getting better," says Plastow.

But he describes the ability of his divisional heads to think strategically as "variable", and says "we're getting to the point where we need to make line managers more conscious about strategy."

Hence McCann's brief to co-ordinate strategic and business development with the education of managers.

A basic management skills course for all executives already includes training in industry analysis techniques, and a greater number of senior managers than before is being sent off to business school courses.

Significantly, Plastow describes the purpose of such programmes as "rebasing the disciplines that managers have learned from experience, and making them more internationally aware".

As a successful leader who takes pride in never having gone to university, Plastow is far from star-struck by glamorous business school types. But he does value some of their analytical tools and models, as well as their clarity of thinking. And he says their wide experience "provides a well of bloody good ideas".

Company Notices

Personal

International Appointments

UK COMPANY NEWS

GROWTH IN BOTH WOMENSWEAR AND MENSWEAR MARKET SHARE

Acquisitions help Next advance to £92m

BY MAGGIE URRY

Next, the fast-growing retail group, yesterday reported taxable profits more than doubled to £92.4m in the 12 months to end-January. It has benefited from the acquisitions of Grattan, the mail order group, and Combined English Stores during the last 18 months, and also showed underlying growth.

The company's year end has changed and in the 17 months to end-January, pre-tax profits amounted to £122.5m on sales of £1.1bn.

Mr George Davies, chairman, said that earnings per share for the 12 month period rose by 39 per cent to 19.5p despite the issue of shares related to the takeovers. He said there were more gains to come from converting CES shops into the various Next chains, and the new Next jewellery shops would soon be appearing in high streets.

He said that the launch of Next Directory, the home shopping catalogue, had exceeded expectations with sales of £20m in its first 10 weeks. The level of returned goods of under 20 per cent was well below the average for the industry and Next's budget. As a result the first Spring/Summer catalogue is expected to make a profit, rather than the original break-even forecast.

The group's target is to increase earnings per share by 20 per cent a year which, Mr Davies said, would require a 30 per cent rise in pre-tax profits in 1988-89 as the full impact of the extra shares is felt.

Turnover rose sharply to £862.1m, with all the continuing chains, such as Next Collection, Next Too and Next for Men, showing sales growth in like-for-like stores. "Some other retailers have found the going more difficult than ourselves," Mr Davies remarked.

He said that Next now had a 5.3 per cent share of the womenswear market and a 6.7 per cent share of the menswear sector.

The financial services business, which includes the Club 24 credit card operation, had instituted a new, more conservative, provisioning policy in line with that at Grattan. As a result an additional provision of £2.6m had been made in the year. Profits were 25.6 per cent up at £8.3m. A prior years' write-off of £13.4m had been made directly to reserves.

A move into selling other financial services, such as unit trusts, to mail order customers had been postponed due to the stock market crash.

The interest charge rose sharply to £6.6m (£254,000), and for the first time £1.0m was put into an employee profit sharing scheme. The tax rate was 33.7 per cent.

A proposed final dividend of 4.7p (3.7p) makes a total for the 12 months of 7.2p (5p in the year to August 1986).

See Lex

Van Gogh boost to profits as Christies hits £32.5m

BY DAVID WALLER

APPARENTLY UNIMPAIRED by October's stock market crash, Christies International yesterday reported a 77 per cent surge in pre-tax profits for 1987, from £18.35m to £32.5m.

An unspecified but large proportion of the increase was due to commission on two Van Gogh paintings, one of which was the famous Sunflowers sold a year ago today for £24.75m.

Mr John Floyd, chairman of the UK's only listed auction house, said the Van Gogh paintings had contributed to an "exceptional" year, but that all divisions had performed exceedingly well.

He added that the collapse in global equity prices had had no noticeable effect on the art market. Excluding Sunflowers, first quarter sales this year were better than the same period last year.

Earnings per share nearly doubled to 45.41p, and the dividend for the year is to advance by 73 per cent to 13p after a proposed final payout of 10p.

Sales handled rose by 49 per cent to £600m.

Turnover advanced 37 per cent to £96.7m, of which £51.59m (£34.59m) arose from the UK and £33.5m (£26.73m) in the US.

Adverse currency movements – particularly the decline of the US dollar against sterling – depressed profits by £3.78m.

Earlier this month, it emerged that Phillips Son and Neale, a smaller, privately owned auction house had taken a 3.98 per cent stake in Christies.

John Floyd concedes that the auction house is a takeover target - "We are one of a kind."

Mr Floyd said that he thought Phillips to be long term shareholders. *But he conceded that* Christies is a takeover target. "We are one of a kind. In one of our auctions, we'd be described as very rare but not highly important."

● **comment**

Yesterday's resplendent figures from Christies reflect a year when, for the first nine and a half months at least, the art market was buoyed by booming stock markets. After October 19, demand for works of art did not slump as may have been expected. The day after Black Monday, Christies sold a diamond for £6m, the world's most expensive stone; this Monday, a Degas fetched £3.96m and a Modigliani £4.8m. Although Christies has another Van Gogh up its sleeve for sale later this year (expected to fetch £10m), it is unlikely that 1988 will equal last year's exceptional performance and it is inevitable that first half profits will be down on the £18m made post-Sunflowers. For the full year, the few analysts who cover this company expect £29m, putting the shares *– up 8p to to 541p – on a prospective* multiple of nearly 13. Although on a 25 per cent premium to the market, the shares are underpinned by bid speculation and sound long term prospects as Christies expands in the Far East and takes advantage of 1992 to establish itself in France.

BSG to sell seat belt activities for £28m

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

BSG International, the Birmingham-based motor dealer and components manufacturer once known as the Bristol Street Group, is to sell its Britax seat belts activities to A.B. Electrolux, the Swedish white goods manufacturer, for £28.3m in cash.

Electrolux will merge Britax's UK, West German and Australian seat belt operations with Autoliv, its own seat belt subsidiary. BSG will retain the Britax name.

BSG said the cost of research and development into passive restraint systems, such as air bags, had grown to the point where BSG could no longer match the sums being invested by the multinationals.

Technical problems with seat belts made by its UK subsidiary had resulted in the recall of 280,000 Ford cars. The cost to BSG, expected to run into seven figures, has been written off against last year's trading profits.

BSG's 1987 results announced yesterday showed pre-tax profits up from £11.82m to £18.08m on turnover of £126.3m (£86.7m). A final dividend of 1.4p (0.89p) is proposed, making 2p (1.37p).

Automotive component manufacturing did best. Strongly rising car sales and a trend towards re-sourcing of component supplies to the UK helped lift trading profits from £4.74m to £8.37m despite the write-off on seat belts.

In the consumer and special products manufacturing division, however, the cost of redesigning products and poor sales of children's car safety seats held trading profits back at £5.43m (£5.27m) in spite of a first-time contribution of £1m from Restmoor, the pram subsidiary.

● **comment**

BSG had two choices with its seat belt operations: get big or get out. Having tried and failed at the former, it has decided to opt for the latter - sensibly, it seems, for the net effect of the disposal after group borrowings have been wiped out and highly-taxed overseas earnings expunged will be to leave the company some £200,000 a year better off post-tax. The continued diversification away from its motor dealing roots, however, is looking increasingly *suspect* as the group's newly-sprouted third leg turns lame leaving the older two to make the running. One day, when the UK car market turns down again, shareholders might just thank BSG for its foresight, but for the moment they can only look at Restmoor's dilution of the bottom line and wish they had stuck to a true motor dealer instead. With £21m in sight this time, their feelings are reflected in a prospective p/e of less than 8 at yesterday's 62p.

ICI to pay A$130m for Australasian companies

By Peter Marsh

Imperial Chemical Industries has strengthened its position in the coatings industry with an agreement to buy a group of paints and sealants businesses in Australasia, currently owned by Williams Holdings, the UK industrial group.

ICI, the world leader in paints with annual sales in this area of £1.3bn, is to pay Williams A$130m (£52m) for the companies, which sell the Berger paint brands in Australia, New Zealand, Fiji and Papua New Guinea.

The companies changing hands in the deal, which is subject to approval by government authorities in Australasia, were bought by Williams *as part of its £133m purchase* in January of Berger Jenson and Nicholson, a paints and consumer-products concern formerly owned by Hoechst of West Germany.

Williams has agreed to sell the Australasian component of the Berger company as part of a strategy of concentrating its paints activities in Europe and the US. Williams said it was confident it could find better uses for the cash earned on the transaction in these other parts of the world.

According to ICI, the companies being acquired have combined annual sales of about A$200m. Besides selling Berger paints for buildings, the companies also make and sell a range of other products, including car-cleaning chemicals and sealants.

ICI has been keen to expand in paints in Australia, where it has a strong position in the household coatings business through sales of its Dulux brand.

ICI has become the world's biggest selling paints company through its acquisition in 1986 of Glidden, a big US paints concern.

Wholesale Fittings

Shares in Wholesale Fittings, wholesale electrical distributor, gained 6p to 468p yesterday after it emerged that Thomson T-Line, had increased its holding to 862,000 shares (5.73 per cent).

Sotheby's reports sharp sales rise

Sotheby's, the largest fine art auctioneer in the world, yesterday reported sales of $1.4bn (£750m) for 1987 – a rise of 57 per cent.

Willis Faber lower but shares are marked up by 15p

BY NICK BUNKER

Willis Faber yesterday became the latest insurance broker to show a sharp drop in its 1987 pre-tax profits, *which were down* 19 per cent at £60.9m in spite of its £300m takeover of a rival Lloyd's broking group, Stewart Wrightson.

The stock market responded by marking the shares up 15p to close at 218p, after Willis's senior executives fiercely defended their conduct of the acquisition at a bullish presentation to stockbrokers' analysts. The group is raising its full-year dividend 6.6 per cent to 11.46p per share.

Since Willis bought Wrightson last summer, *it has suffered big* defections of Wrightson brokers, who have taken with them clients including US railroads and leading airlines.

There have also been culture clashes between some Willis and Wrightson staff, and last month Mr David Rowland, Wrightson's former chairman, moved to Willis's biggest competitor, Sedgwick.

These problems have come at a time when London-based brokers are being hit by the weak dollar and by falling premium rates in the US and in the London marine and aviation insurance market.

Willis went onto the offensive yesterday however, with Mr David Palmer, group chairman, *claiming that the two companies* had been "almost completely integrated".

Mr John Robins, finance director, said Willis had already identified cost savings of £10m in 1988. Headcount for the combined group in the UK was 5,500 at the end of 1987, down 480 over the year, roughly half the reduction coming from compulsory redundancies.

Willis plans to close today the Hastings back-office of Golding Stewart Wrightson, Wrightson's *reinsurance arm, cutting* 110 jobs.

For the 12 months to December 30, Willis's brokerage grew 18 per cent to £160.8m, but underlying growth was *only six per cent.* Expenses increased to £153.75m, an underlying increase of 10 per cent.

There was a turnround from a £1.93m loss in underwriting subsidiaries to a £3.16m profit, and Willis received £11.9m (1986: £18.06m) from its 21.7 per cent stake in Morgan Grenfell, the investment bank.

After tax profits were £38.37m. Earnings per share dropped 27 per cent to 19.08p.

● **comment**

Willis came out fighting, determined to forestall accusations that the post-takeover staff defections have made Wrightson *look* wildly overpriced. It insists that it lost only £6m brokerage with the departing Wrightson men, and such was its self-confidence and *new spirit of openness* yesterday that the bolder analysts revised their forecasts upwards to envisage Willis returning in 1988 to the £75m it made pre-tax in 1986. But dilution will be severe: Willis *paid for* Wrightson with 66.2m new shares. And the City is unsure what to make of Mr Palmer's *successor-designate*, Mr Roger Elliott. It is likely to be mid-1989 at least before the US dollar and cyclical trends in the insurance market can reasonably be expected to permit a solid recovery – but Willis looks to be trying *hard.*

Giltvote buys more EPIC

BY NIKKI TAIT

Giltvote, the consortium headed by Mr Stephan Wingate which launched a recommended £64.4m offer for Estates Property Investment Company, has picked up a further 345,000 shares (1.4 per cent) in its target.

This takes the Giltvote interest – through purchases, option agreements, irrevocable undertakings, or shares held by parties in concert – to 27.2 per cent.

A lower offer from Peachey Property, valuing EPIC at £63.4m and already declared final, remains on the table. This is due to close on April 12. Peachey has said it would be prepared to remain as a minority shareholder if its offer fails. It owns one-third of EPIC's equity.

In the market EPIC shares remain a shade above the 265p cash terms offered by Giltvote, trading at a mid-price of 268½p.

UK COMPANY NEWS

Wimpey's 44% rise beats forecasts

BY NIKKI TAIT

George Wimpey, the housebuilding, construction and property group, has beaten City expectations with a 44 per cent rise to £95.8m in pre-tax profit during 1987.

The increase was scored on a very modest overall turnover rise - up by 1.4 per cent to £1.48bn. At the earnings per share level, however, there was a 37 per cent improvement, from 25.1p to 18.4p following tax at 25 (22) per cent.

Yesterday, Wimpey shares greeted the news with a further 2p rise to 257p. They had already risen strongly on Monday.

The largest division within the group remained housebuilding with sales of £609m (£550m). Wimpey, however, gave up its place as Britain's biggest housebuilder and last year legal completions of new homes at 9,581 were below 1986's 10,712.

However, the company said that the average selling price rose from £37,000 to £47,000, and there had been a shift upmarket with first-time buyers accounting for only 45 per cent of sales, against 53 per cent last time.

On the US housebuilding front, sale numbers were also down – from 751 to 652. However, the company said that new management had stepped in "transforming" the business and giving it the potential of doubling sales in the current year.

The contracting, engineering and offshore division saw turnover fall back from £579m to £594m, partially reflecting the inclusion of some large contracts in the Middle East and Falklands in the 1986 figures.In the UK, workload was up on the previous year, and three major international contracts were currently under negotiation, which should boost that side.

The quarries to mining business saw a modest sales increase, from £168m to £181m, but the company said the main emphasis had been on increasing margins through the eventual production of higher value "branded" products.

Following the sale of Wimpey Merchants, there was no contribution from builders merchanting (sales of £45m in 1986), and other services brought in revenues of £48m (£34m). Property also contributed more strongly, with revenues of £100m against £46m.

In terms of profit, Wimpey did not give a detailed breakdown, saying only that construction-related activities turned in £89.6m at the operating level, against £72.3m, while property profits rose from £13.6m to £20m.

Of the property increase, around half stemmed from higher rents and half from additional property sale profits. Sir Clifford Chetwood, the chairman, added that the only profits decline came on the international contracting front.

By the year-end, gearing stood at 34 per cent. Sir Clifford said the company expected to expand both orginaically and by acquisition. The latter approach would be cautious, he stressed, and there were no plans to tap shareholders.

Acquisitions under consideration included aggregates and housebuilding possibilities in Hong Kong, an aggregates business in Canada, and a potential land purchase in Australia.

The final dividend is being increased from 3.75p to 4.75p, making a total of 6.75p (4.75p). Wimpey said the tax charge in the current was likely to rise to around 30 per cent.

With regard to the small stake held by fellow construction company C.H. Beazer – which was confirmed at 1.4 per cent last month – Wimpey said it believed that part of this might have been sold. Beazer, currently embroiled in the bid battle for US company Koppers, declined to comment, although it was still believed to hold some Wimpey shares.

See Lex

Vivat falls 14p after forecast of profits fall

By Philip Coggan

Shares in Vivat Holdings, the Lee Cooper jeans company, fell 14p to 156p yesterday after the company forecast a substantial fall in 1987 profits. However, it expects to pay a final dividend, based on the enlarged capital, which will be not less than that for 1986.

The main reason for the fall in profits was the disappointing performance of the group's UK retail subsidiary. Vivat acquired the Jean Jeanie retail chain in early 1986 and added the Stage chain of women's fashion stores in March 1987.

Two factors pushed the retail division into losses. Senior management changes caused considerable disruption and pre-Christmas demand was lower than expected.

Profits at Vivat, which changed its name from Lee Cooper last year, have been disappointing for several years.

Higgs and Hill benefits from Southend Estates

BY FIONA THOMPSON

Higgs and Hill, construction, property and housebuilding group, upped 1987 pre-tax profits by 42 per cent from £12.19m to £17.28m on turnover ahead at £267.11m against £238.83m.

Earnings per share rose from 23.76p to 31.95p, and a final dividend of 6p has been recommended, making a total for the year of 9p - a 20 per cent increase on the 1986 total of 7.5p.

The housebuilding and property divisions contributed more than two-thirds of operating profits, said Mr Brian Hill, chairman and chief executive, with a substantial contribution made by the Southend Estates Group, acquired in August 1986. The number of houses built rose from 250 in 1986 to 500 last year at an average price of £90,000. "We intend to go for 600 in 1988," said Mr Hill, at an average price of about £100,000.

Property did well in the UK and France. "We achieved exceptionally good results from three joint ventures in the City of London," and the success in France came from high tech and office campus schemes in the new towns around Paris.

UK construction showed considerable growth in volume but did not bring any marked improvement in profit margins, he said. It remained a very competitive market.

Profits from overseas construction were down on 1986, due to the "continuing down-turn in the availability of suitable opportunities".

Tax took £6.55m, compared with £5.09m. An extraordinary credit of £3.39m (£175,000 debit) followed the sale of investment properties.

● comment

In the short term, the growth motor for Higgs and Hill is housebuilding, backed up by property. At 500 units the company is not in the big league, however an estimated £9m profits from housebuilding (the company does not provide a breakdown) is a very good number. Its four-to-five year land bank of 3000 units is healthy and it is in the fast growing south-east. With construction margins pared to the bone, Higgs and Hill has increased its management contracting business. This far less risky business now represents about 40 per cent of UK building activity. The shares closed 4p off last night at 345p. At about £22m for this year, the prospective p/e is just over 8, reasonable.

Oilfield loss restrains Hunting Petroleum

BY STEVEN BUTLER

Hunting Petroleum Services yesterday announced a rise in pre-tax profits from £7.1m to £7.6m despite heavy losses at Hunting Oilfield Services, which serves the offshore industry in the North Sea.

Group turnover reached £235.9m, up from £199.2m, based largely on higher volume of crude oil trading, transportation, and terminal operations at Gibson Petroleum in Canada.

The company views 1988 with more optimism due to some recovery in North Sea drilling activities. Rig utilisation rates in the North Sea are now higher than at any time in 1987. Last year the company closed its operations in Stavenger, Norway, and at Great Yarmouth, and has maintained shops in Aberdeen and Velsen-Noord, Holland.

Turnover in the oilfield services division fell from £16.3m to £14.4m and losses increased from £1.3m to £2.9m.

Profits at Gibson Petroleum rose by 35 per cent in Canadian dollar terms, while translated to sterling the results showed a rise from £4m to £4.7m. The company has a range of exploration assets as well as terminal, pipeline, refining, and gas marketing businesses in Canada.

The UK-based Hunting Lubricants and Specialised Products business increased turnover from £29.1m to £40.9m, while pre-tax profits rose from £3.3m to £4.2m. Production of specialised paints was expanded at the Finnigans manufacturing operation.

The group reported an extraordinary profit of £27,000, consisting of a £1.37m profit on the sale of a UK fuels distribution business, which was offset by £1.35m of losses from the closure of oilfield service operations and cessation of broking activities.

Earnings per share before extraordinary items fell from 17.94p to 16.83p. The full dividend came to 9.0p, unchanged.

Wellcome

Shares in Wellcome, the UK pharmaceuticals company, jumped 17p to 461p yesterday after the group announced it was planning a sponsored American Depository Receipt facility in the US.

The ADR facility, which is being sponsored by the Bank of New York, will be available from today. Wellcome is not seeking a US stock exchange listing.

Rights issue for Power Corp

BY NIKKI TAIT

Power Corporation, Irish shopping centre developer which came to the London and Dublin stockmarkets in early October, yesterday announced a I£19.15m rights issue.

Part of the money will be spent on buying out the interest held by AMEC in Walker Power – a holding company formed last December to handle the redevelopment and management of the Trocadero site in London's Piccadilly.

The cash call is being made on a one-for-two basis at 105p (91p), and has been underwritten by Power's financial advisors James Capel.

Shareholders – including AMEC, which currently has a 14.9 per cent stake – speaking for about 37.7 per cent of Power have given irrevocable undertakings to take up their rights in full.

At present Power has a 25 per cent interest in Walker Power with Brent Walker – the leisure and property group which purchased the Trocadero complex in September for £90m – holding 50 per cent and AMEC, the remaining 25 per cent.

Power plans to buy out the AMEC interest for £3.5m in shares and cash. In addition, Power has undertaken to repay loans of £3.25m made by AMEC in respect of the project to the construction company.

Power also announced pre-tax profits of I£2.93m for 1987 against £782,000 last time – beating its flotation forecast.

Bat/Farmers

The $4.5bn takeover battle between BAT Industries and its target Farmers Group, the US insurer, has entered a new stage of legal wrangling with Farmers filing a complaint against BAT's US subsidiary in a federal district court in Reno, Nevada.

BATUS said last night that the court refused to grant Farmers an immediate injunction restraining BATUS from continuing its tender offer for Farmers.

In a separate development, BATUS and Farmers clashed over the meaning of a letter sent to the former by the Kansas Insurance Department, one of nine state regulatory bodies which have to rule on whether BATUS can buy the insurer.

Farmers said the letter, dated March 24, stated that BATUS had violated Kansas law by soliciting proxies from Farmers' shareholders ahead of the Farmers annual general meeting on May 20 before getting takeover clearance.

Hollis buoyant as profits soar to £9.3m at year-end

BY CLAY HARRIS

Hollis, the acquisitive engineering and services group controlled by Mr Robert Maxwell's Pergamon Group, more than doubled pre-tax profits, from £3.6m to £9.3m, in 1987. The increase was in line with the growth in turnover to £219.3m against a previous £84.9m.

The group said newly acquired engineering businesses had been restored to profitability in 1987, but there was scope for improvements in efficiency and productivity. The division contributed operating profit of £10.3m (£1.8m).

Among other activities, financial and professional services accounted for profits of £6.2m (£3.8m) largely through the specialist stationery interests. Furniture lost £1.9m against a £200,000 profit in 1986.

Hollis's tax charge fell from 11 per cent to 3.3 per cent. Earnings per share rose to 9.2p (4.2p) or 8p (4.1p) fully diluted. A final dividend of 3p (1p) lifts the 1987 total to 4p. Hollis did not pay an interim dividend in 1986.

An extraordinary credit of £18.4m reflected the profit on the disposal of printing interests to Maxwell Communication Corporation – less the costs involved in ending operations at Stevenage.

Lord Havers, the former Lord Chancellor, is to join the Hollis board as a non-executive director. He will replace Lord Silkin of Dulwich, the former Labour Attorney-General, who is retiring.

Hollis also confirmed that it planned to make an offer for the Crown Suppliers, which the Government plans to privatise.

UK COMPANY NEWS

Enterprise plays part in raising LASMO to £22m

BY STEVEN BUTLER

NET PROFITS at London & Scottish Marine Oil last year moved ahead by 27 per cent to £22.3m, while pre-tax profits showed a solid recovery from £4.4m to £36m.

The improved results were accounted for largely by two factors. First was related company profits of £16.5m from LASMO's 25.3 per cent stake in Enterprise Oil, compared with £1m; the second was a £12m drop in amortisation charges as a result of adding in new low cost reserves. Operating costs also declined from £46.8m to £39.1m.

Earnings per share rose from 9.6p to 13.4p, and the final dividend is 5.2p, making 7.7p (7p).

Although oil prices expressed in dollars rose compared to 1986, that was largely offset by the increase of the sterling/dollar exchange rate, and revenue from oil and gas production moved up from £141.1m to £148.3m.

Production touched a record 52,500 barrels per day in December and is expected to average about 50,000 b/d this year. This compared to an average of 43,400 b/d in 1987, and 45,600 b/d in 1986.

Capital spending rose marginally from £61m to £62m, and is expected to remain at roughly the same level this year in the absence of any further sustained fall in the price of oil.

LASMO, nonetheless, said yesterday that the focus of capital spending would shift from Gabon, where 7,000 barrels per day has been brought into production, to the North Sea, where it plans to participate in 17 exploration and appraisal wells.

The company has increased its net acreage portfolio by 75 per cent to 48,000 sq km in the past year, although proven and probable reserves showed only a marginal gain from 210m to 211m barrels.

● comment

LASMO's results yesterday were a shade disappointing to the market, which clipped the shares 1p to 343p on a day when the rest of the oil sector rose slightly. LASMO has a good spread of international assets and a rising production curve, all of which should be made good one day, even if the consensus view on precisely when keeps receding over the horizon. The fireworks now, however, are coming from the £250m investment in Enterprise Oil, and shareholders must be wondering why not buy Enterprise directly, if LASMO thinks it such a good punt? LASMO's shares themselves have also risen on bid speculation because RTZ, with its 29.9 per cent holding, is now free to bid. Yet predicting whether or how this chain of shareholdings may come unravelled is far from easy and in the absence of a clear signal, or strong recovery in oil prices, it is hard to see LASMO shares going very far.

House price boom lifts Hambro Country

By David Waller

RAMPANT price inflation in the UK housing market helped Hambro Countrywide – the estate agency chain controlled by Hambros, the merchant bank – increase its pre-tax profits by 55 per cent last year.

The UK's largest estate agent, with a network of 480 offices, generated taxable profits ahead by £8.94m to £25.26m.

This was in line with the forecast made in September last year when Countrywide announced it was setting up a life assurance company in conjunction with Guardian Royal Exchange.

During the course of the year, Hambro sold 69,500 homes worth a total of more than £3.9bn. Its financial services division, which accounted for 40 per cent of profits, completed 24,650 mortgages totalling £825m.

Price rises in the south east and East Anglia were particularly extreme, ranging from 20 to 30 per cent. In Birmingham, Cheshire and the Fylde coast, prices rose by 15 to 20 per cent.

Mr Colin Finch, deputy chairman, said that the rate of increase in prices was likely to slow down this year. But prices are continuing to rise – particularly in East Anglia and the West Midlands.

Turnover rose from £64.57m to £95.22m, less than the rate of increase in pre-tax profits: margins at this level improved from 25.3 to 26.5 per cent.

At £9.19m, the tax charge fell from 36.5 to 36.4 per cent of profits. Fully diluted earnings per share improved from 4.58p to 6.13p. The final dividend is to be 1.75p, making 2.6p for the year, which is not comparable to 1.25p received in 1986 because of a change in the accounting date.

● comment

Opening a mere 48 new offices last year, Hambro Countrywide focussed its energies and investment on recruiting and training new staff in its financial services division. The number of employees there more than doubled to 512, in anticipation of the joint venture with Guardian Royal Exchange, now scheduled for August. This expansion no doubt acted as brake on last year's profits, but should bear fruit in the current year and in 1989, when the GRE/Hambro vehicle will make its first material contribution to the bottom line. Meanwhile, the house price boom seems set to continue, stimulated by tax-cuts, rising real incomes and a bountiful supply of cheap mortgage money. It also seems likely to spread from the South-East to the Midlands and pockets of the North. Even if the rate of increase falls, Countrywide should make £32m this year, putting the shares on an appropriate multiple of nearly 12.

Metal Closures advances 40%

BY MICHAEL SMITH

Metal Closures, packaging group, yesterday reported that pre-tax profits in 1987 were 40 per cent ahead at £6.84m against £4.82m previously, on sales up 25 per cent at £102.91m.

Growth in earnings per share – up by 30 per cent from 9.1p to 11.8p – was less marked, because of a higher tax charge. The final dividend is lifted from 4.3p to 5.2p.

The company said order books were healthy and the balance sheet strong. However, it warned that the recent strength of sterling, if continued, would be a cause of concern for the group because of its effect on the company's international competitiveness and on translation of overseas earnings.

"The Government should balance carefully its desire to control domestic inflationary pressures through the exchange rate mechanism against UK industry's need to be able to compete effectively overseas and to maintain employment," said Mr Richard Graves, chairman.

During 1987 the company had difficulties recovering raw materials price increases, which in some plastics were higher than 50 per cent. However this was partially offset by higher sales and improved operating costs and profits showed "substantial growth."

The South African operation increased sales by 33 per cent and profits by 31 per cent, although the company does not reveal what levels these reached. In 1986 the South African operation, 77 per cent owned by Metal Closures, made about 50 per cent of the group's operating profits.

In Italy, which contributed about 2 per cent of group pre-tax profits in 1986, margins were squeezed in the Metal Closure operation. The group also incurred setting up costs of a plastic closures operation at Rieti, benefits of which should be felt in this and succeeding years.

The Italian losses did not attract tax relief in 1987, one reason for the high tax charge overall of £3.34m (£2.22m). Minorities were £491,000 (£381,000).

Crescent Japan opposes unitisation

BY NIKKI TAIT

Crescent Japan, the £113m investment trust managed by Edinburgh Fund Managers, yesterday made clear its opposition to any unitisation scheme, saying that it viewed such a proposal "with extreme concern".

An American concert party – centred around the New York-based Grace family – has already requistioned an extraordinary meeting at which it hopes shareholders will back a motion requiring the board to draw up unitisation proposals. Under unitisation schemes – which involve converting a closed-end investment trust into an open-ended unit trust – much of traditional investment trust discount is eliminated. The US concert party bought the bulk of its 19 per cent stake when the discount at Crescent was standing at over 30 per cent in the wake of the October crash.

After Crescent's agm yesterday, the trust's chairman, Mr Alan McInroy, said it would not be appropriate to make a detailed comment on the American investors' proposal. However, he stressed that the "choice between backing demonstrated long-term performance against the opportunity for short-term profit has major implications for the future of the investment trust sector."

Crescent has until April 5 to announce the date of the egm.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Amari	fin	3.7	May 31	3.5	6.8†	6.5
Belhaven	fin	0.3	June 8	0.46	0.75‡	0.83
Bestwood	fin	nil	-	2	-	2
Brooks Service	fin	2.8	-	-	4.2	-
BSG Intl	fin	1.4	July 2	0.89	2	1.87
Candover Invest	fin	6	-	5	9	7
Castle Comm §	int	3	May 3	-	-	4
Christies Intl.	fin	10	May 18	6	13	7.5
Clifford's	fin	5.5†	May 20	5	8.8	8
Cooper (Fredk)	int	1.1	July 1	0.85	-	2.35
Emess	fin	5.2	May 26	4	8†	6.3
Ests. & General	fin	2	May 25	1.83	3	2.73
Grampian Hldgs	fin	2.75	May 18	2*	4	3*
Guthrie	fin	3.9	June 8	-	6.2	-
Hambro Country	fin	1.75	May 28	1.25	2.6†	1.25**
Higgs & Hill	fin	6	June 7	4.75*	9	7.5*
Hollis	fin	3	-	1	4	1
Hunting Petrol	fin	5.5	-	5.5	9	9
Jacobs (JI)	fin	2.7	-	2.5	4.2	3.9
Jerome (S)	fin	4.5	-	3	6.5	4.3
Johnston Group	fin	7	July 1	6	10	9
Laird	fin	4.6	-	4.1	7.7	7
LASMO	fin	5.2	June 13	7	7.7	7
Lloyds Chemists	int	0.5†	May 20	-	-	0.85
Lopex	fin	3	-	2.4	5†	4.2
Macfarlane	fin	2.06	May 19	1.65	3.31	2.76
Magnolia Group	fin	3.05	-	2.75	4.45	4
Metal Closures	fin	5.2	May 16	4.3*	7.4	6.17*
Murray Ventures	int	2.15☆	May 27	1.75	-	5.25
Next	fin	4.7†	June 30	3.7	8.7‡‡	5
Plasmec §	fin	1.8	-	1.4	2.8	2.1
Scott Heritable	fin	3	May 27	2.4	5†	4
Sherwood Gp §	fin	3	-	2.7	4.5	3.3
Silvermines ♣	fin	2.5†	-	1	4	2
Trafford Park	int	1.55	-	1.42*	-	4.33*
UTC Group §	fin	5†	-	-	8	-
Willis Faber	fin	7.61†	July 1	7.25	11.46	10.75
Wimpey (George)	fin	4.75	June 1	3.75	6.75	4.75
Worcester Group	fin	1.4	May 20	1*	2.06	1.44*
Young H. Hldgs	int	1.4	-	1.3	-	3.9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ¶Third market. ‡‡ For 17 months. ♣Irish currency. ‡For nine months. **For seven months. ☆Increase to reduce disparity. Company intends to recommend final of 3.6p.

BOARD MEETINGS

The following companies have notified dates of board meetings to the Stock Exchange. Such meetings are usually held for the purpose of considering dividends. Official indications are not available as to whether the dividends are interims or finals and the sub-divisions shown below are based mainly on last year's timetables.

TODAY

Finals- Arcolectric, Boddington, Boustead, Bowater Industries, Brent Walker, British Aerospace, British Syphon Industries, Brooks Services, Clarke Nickolls and Coombs, Coates Brothers, Ealing Electro-Optics, Gibbs and Dandy, Goal Petroleum, Guardian Royal Exchange, MY Holdings, Albert Martin, Maxwell Communications, More O'Ferrall, William Morrison Supermarkets, Portals, H. & J. Quick, Raine Industries, Relyon, Renwick, J.W. Spear, Standard Chartered, A.G. Stanley, Sun Life Assurance, Tilbury Group, Turriff Corporation, United Newspapers, Weir Group, West Yorkshire Independent Hospitals.

FUTURE DATES

Interims-

Ossory Estates	Apr 11
Tubular Exhibition	Apr 5

Finals-

Alpine Soft Drinks	Apr 14
Baird (Wm.)	Apr 7
Bonded Laminates	Apr 6
Fortnum and Mason	Apr 11
Harlow	Apr 19
Home Counties Newspapers	Apr 5
NMW Computers	Mar 31
Newarthill	Apr 13
PML	Apr 8
Propeller	Apr 21
RMC	Apr 13

UK COMPANY NEWS

Laird makes £32.6m and plans French purchase

BY ANDREW HILL

Laird Group, the diversified sealing systems, engineering and transport company, is to buy CPIO Group from Renault, the French car manufacturer, for FFr234.3m (£22.3m) in cash.

Laird also announced pre-tax profits of £32.6m in the year to December 31, nearly 16 per cent up on 1986, when profits were static at £28.2m before tax. Laird shares rose 15p on the news to close at 234p.

CPIO supplies rubber and plastic components and air filters to the automotive industry. It made FFr100.7m before tax in 1987.

Renault accounted for 75 per cent of its sales and the French company has agreed to buy a similar proportion of CPIO products for three years after the acquisition. Laird will also work on parts for car models to be introduced by Renault into the early 1990s.

The acquisition, which is subject to the approval of shareholders and the French Government, will complement Laird's sealing systems division, the major contributor to last year's profits with a 22 per cent increase to £26.1m (£21.4m) before tax.

Operating profits from the service industries division rose to £7.56m (£4.2m), but continuing fierce competition in the transport sector, which builds buses, railway rolling stock and the Metrocab taxi, cut profits to £1.34m (£2.42m).

Group turnover increased to £396m (£363m). Earnings per share rose to 25.1p (23p) and a final dividend of 4.6p is proposed, making 7.7p (7p) for the year.

The extraordinary gain of £1.58m represented the surplus on the sale of Laird's inflight catering business, which more than offset a £7m provision for the possible disposal of Cable Belt, mining equipment subsidiary.

● comment

Its best-known products – buses, tube trains, and new London taxis – only account for 3 or 4 per cent of Laird's profits, compared with more than 50 per cent in 1983. Although the group has no intention of hiving off this high-volume, low-margin business, the real strength lies in rubber and plastic products. The CPIO acquisition thus provides a secure extension of the sector, and three years of guaranteed Renault orders in which Laird can tout for custom among other volume car manufacturers. Meanwhile, the group hopes to expand its sales of sealing to the building industry (now 20 per cent of the division's turnover) which should provide security when the automotive industry's current healthy cycle comes to an end. Analysts expect pre-tax profits of about £38m this year and with Laird apparently back on the rails, a prospective p/e of around 8 looks attractive.

Scottish Heritable makes £10m

BY FIONA THOMPSON

Scottish Heritable Trust, the York-based industrial and property group with interests ranging from oriental carpets through pyrotechnics to modular housing, increased 1987 profits by 61 per cent to £10m.

The advance from £6.2m was made on turnover ahead by 26 per cent to £88.11m (£69.72m). Earnings per share rose from 15.2p to 17.7p.

Seven of the nine divisions were profitable, two made losses. But Mr A Cochrane Duncan, chairman, said: "The solid performance of the group as a whole demonstrates the advantages of diversified activities: the adverse performance of our textile and pyrotechnic divisions has been balanced by the success of our expanded interests in the US."

By division, floorcoverings made the largest contribution to profits at £3.49m, up from £3.17m, followed by US building at £3.2m - the contribution made by the US acquisition Haven Homes and its associate company North American Housing Corporation, both builders of modular housing.

Pyrotechnics made a £463,000 loss, compared with a £727,000 profit last time, mainly due to more problems than anticipated with the acquisition of Brock's Fireworks. Textiles fell from a £229,000 profit into a £453,000 loss, due to bad spring sales, a substantial drop in orders from Damart, the biggest US customer and the acquisition of the loss-making JG Glover business.

Property and investment sales contributed profits of £2.05m (£1.42m), while rents made £756,000 (£616,000). Engineering profits increased marginally from £330,000 to £381,000 - held back by a sharp cut in the number of hospital beds purchased for the National Health Service. UK building and quarrying rose from £821,000 to £1.43m following a buoyant year for the construction industry. Contract packing and other activities contributed £169,000, compared with a £15,000 loss last time.

The company, pleased with its US success, is looking at further acquisitions there and an announcement may be made in the not too distant future. More acquisitions are also being sought in the UK, although, after a number of smaller purchases, the company is keen to make a sizeable acquisition. On the disposal side, it is looking for a buyer for its sand and gravel business.

Tax took £3.55m (£2.05m). A final dividend of 3p was recommended, making a total for the year of 5p (4p).

Clifford's Dairies up to over £5m

Clifford's Dairies, Berkshire-based processor and distributor of milk and fruit juices, lifted taxable profits from £4.52m to £5.03m in the year to end-December, on turnover ahead by 16 per cent to £108.6m.

The directors said that the exchange of trade with Express Dairy, announced in June, had resulted in a slight increase in milk volumes, while fruit juice sales had also expanded. Roy's Cooked Meats, acquired last August for £4.8m in cash and shares, had "an encouraging five months trading."

After tax of £1.83m (£1.76m), earnings per share increased to 20.25p (19.58p). A final dividend of 5.5p is recommended, making 8.8p (8p) for the year.

Belhaven posts profits of £6.9m for nine months

BY LISA WOOD

Belhaven, Dunbar-based brewing and restaurant company, produced pre-tax profits of £6.86m for the nine months to December 31 1987.

Earnings came to 2.56p and a final dividend of 0.3p makes 0.75p.

The year-end has been changed from March 31. In the previous 12 months the profit was £5.36m, earnings 2.41p and dividend 0.83p.

Sales totalled £42.78m (£45.56m) and operating profit £6.36m (£5.94m).

Belhaven Brewery contributed £914,000 (£1.63m) of operating profit and the 94 Garfunkels Restaurants made £5.5m (£4.48m).

Since the year-end another three restaurants have been opened.

Other activities, including the Hotel Belplaya in Torremolinos, contributed £497,000 (£117,000). Group operating costs came to £558,000 (£277,000).

Exceptional costs of £96,000 (£224,000) were deducted in arriving at the pre-tax profit. They applied to the Belhaven Brewery product launch.

The directors said since the introduction of canned lager and export and the repackaging of the bottled beers on June 1 last, sales of packaged beers increased 51 per cent compared with the same period of 1986.

Belhaven had started to develop a managed house estate.

Guthrie up despite currency fluctuations

By Philip Coggan

Guthrie, the industrial conglomerate which returned to the stock market in 1986, increased pre-tax profits by 28 per cent to £22.6m last year despite a £4m knock from adverse currency movements.

Around 78 per cent of Guthrie's operating profits emanated from the US last year – the weaker dollar thus restricted the company's growth in sterling terms. In addition, profits were hit by last year's decline of the Canadian and the Australian dollars against the pound. Measured in local currencies, Guthrie's turnover rose by 17 per cent in 1987; measured in sterling, it fell slightly to £319.8m (£321m).

The group divides its business into six sectors of which the best performing was electrical equipment. The division nearly doubled profits (from £1.39m to £2.72m) because of a turnround in its Ajax subsidiary.

Other divisional operating profits were: automotive components £5.61m (£5.38m); aviation services £5.97m (£6.23m); fire protection equipment £3.68m (£2.72m); textiles and floor coverings £3.48m (£3.53m) and trading £830,000 (£470,000).

A final dividend of 3.9p is proposed, making a total of 6.2p for the year.

● comment

These figures illustrate that the translation effect of foreign exchange movements can obscure the real progress a company is making. Guthrie is not a UK company exporting to the US; it has not lost any business because of currency movements. Indeed in local currency terms, Guthrie would have reported a 50 per cent pre-tax profits increase. That means that any rebound in the dollar will have a substantial effect on Guthrie's profits this year. Analysts are forecasting £25.5-£26m, assuming a end year rate of \$1.85/£. Even a move to \$1.60 would add a further £2-£3m to that figure and reduce the prospective p/e on yesterday's closing share price of 194p from 8.5 to 7.5. In the long term, the ragbag nature of Guthrie's various sectors may limit the pace at which it can grow; but in the short term, the shares look a good bet on signs of a dollar rebound.

Estates & General

A 74 per cent increase in pre-tax profits was announced by Estates & General Investments, property investor and developer, for 1987. The result, ahead from £1.56m to £2.71m, was struck after a £700,000 exceptional profit on the disposal of Stie Improvements house building division.

A final dividend of 2p (1.825p) is recommended, making a total for the year of 3p (2.725p). Earnings per 20p share rose from 6.1p to 11.5p, or to 8.5p excluding the exceptional item.

Turnover showed a 62 per cent improvement to £13.18m (£8.13m).

On prospects, the directors said the level of activity continued to increase. Net asset value per share improved by 25 per cent to 138p at December 31.

Frederick Cooper

Frederick Cooper, acquisitive industrial holding company, raised pre-tax profits by 35 per cent in the six months to January 31 from £1.72m to £2.33m on turnover ahead from £17.76m to £20.71m.

Mr Eddie Kirk, chairman, said that as a result of the 34 per cent growth in earnings per share to 7.05p, the interim dividend would be 1.1p per 10p ordinary share, the highest interim payment in the group's history.

Contributions from MAP Hardware (five months) and Brent Group (six weeks) amounted to £70,000, which Mr Kirk said indicated underlying organic growth of 31.6 per cent.

H. Young up midway

H. Young Holdings, distribution and financial services group, reported pre-tax profits 30 per cent higher at £951,000 for the six months to end-January 1988.

Mr John Wilson, chairman, said the group intended to further develop its distribution activities and was currently examining possible acquisitions.

Turnover rose to £9.33m (£9.19m). After tax of £333,000 (£255,000), earnings per share increased to 6.7p against 5.4p last time.

The interim dividend is lifted to 1.4p (1.3p).

Emess surges 79% to near £8m

BY CLAY HARRIS

Emess, the lighting fixtures and electrical accessories group, raised pre-tax profits by 79 per cent to £7.71m in 1987. The advance from £4.31m was achieved on turnover 71 per cent ahead at £65.2m (£38.1m).

Emess will shortly take minority stakes in at least two more continental European lighting groups, Mr Michael Meyer, chairman, said yesterday. This follows its purchase of a 25 per cent holding in West German-based Brillantleuchten in 1987.

Excluding the Brillant stake and the £42m acquisition of Tenby Industries, the electrical components and engineering group, Emess recorded organic growth of 18 per cent in sales and 32.5 per cent in operating profits in 1987.

At £11.9m, profit attributable to shareholders was nearly five times that achieved in 1986. This reflected a net £5.57m extraordinary profit on disposals, as well as the beneficial effect of Tenby's £15m in agreed tax losses.

Emess's effective tax rate was nearly halved, from 35 per cent to 18 per cent, fuelling a 45 per cent increase in earnings per share to 27p (18.6p). A final dividend of 5.2p (4p) will raise the total to 8p (5.3p).

The UK accounted for 85 per cent of turnover in 1987, but this is expected to fall to 65 per cent or less this year as Emess gets a larger contribution from its 1987 acquisitions. Brillant contributed £240,000 to Emess's pre-tax profits in the final four months of the year.

Alsy, a US maker of table and standing lamps for which Emess is paying up to $54m (£29m), joined the group at the beginning of March.

Lighting accounted for just over half of group sales last year. On the decorative side, sales rose by 18 per cent and profits by 20 per cent despite weak pre-Christmas demand.

● comment

Emess's earnings record since the bitter and unsuccessful hostile bid for Rotaflex in 1986 proves the merits of its subsequent decision to stick to friendly acquisitions. The tax charge should creep into the low 20s this year, although the full benefits from Tenby will not be exhausted until after 1990. Assuming £14.5m pre-tax, the prospective fully diluted p/e is 11.4. This significantly under-rates long-term prospects and the potential attractions to a predator. However, investors with shorter horizons may be wary of committing themselves to an illiquid stock in the grip of shareholders whose loyalty has been well-rewarded. Since peaking at 508p in early September, Emess has out-performed the FT All-Share by 5 per cent. But it did best by default in the darkest days of late October and early November when more loosely held shares were more easily liquidated, and this behaviour has been apparent again in the past week.

Johnston edges ahead to £7.3m

The biggest contribution to the 1987 result at Johnston Group came from civil engineering, property development and road maintenance. This division's profits jumped from £2.08m to £5.23m. Group pre-tax profits rose marginally from £6.94m to £7.29m on turnover ahead 6 per cent from £74.81m to £79.48m.

The engineering and hydraulics division suffered from heavy losses in the US and a reduced contribution from the UK and recorded a £543,000 deficit, compared with £1.21m profit previously. The profit for civil engineering supplies fell from £3.65m to £2.6m.

The directors plan to raise the final dividend to 7p, for a total of 10p (9p).

Sherwood up sharply

Sherwood Group, formerly known as Debfor Holdings, returned profits of £3.71m pre-tax for 1987, an improvement of £1.7m over the previous year.

Turnover surged from £11.01m to £28.64m. The USM-quoted company manufactures lingerie, nightwear and children's wear. Profits were struck after taking account of sharply higher distribution, administration and interest costs.

Earnings worked through at 28.6p (15.7p) per 10p share. A final dividend of 3p makes a total of 4.5p (3.3p).

Acquisitions help lift Grampian profit to £6m

THE success of Grampian Holdings' strategy of development through organic growth combined with selective acquisitions was confirmed in 1987, said Mr William Hughes, the chairman.

He reported that this Scottish-based conglomerate with interests in sporting goods, veterinary pharmaceuticals, retail and transport, lifted its pre-tax profit by £2m to £6.14m, on turnover ahead £8.3m at £59.3m.

Earnings came through at 14.06p (10.05p) and the final dividend is 2.75p for a total of 4p (3p).

Mr Hughes said the four acquisitions of pharmaceutical businesses and the one in sporting goods for over £17m had helped transform the group and establish a broader base for substantial growth.

In transport, profits were £2.43m (£1.9m) with all the fleets fully employed, while sporting goods produced £2.25m (£1.45m) as Mitre had an excellent year and the golf side reached records.

Pharmaceuticals turned in £1.4m (£569,000), but in retail there was a drop to £405,000 (£453,000) as the declining dollar balanced out the increase in the number of visitors from the US.

Worcester profits rise to over £3m

Worcester Group, domestic central-heating specialist which in September graduated to a full listing from the USM, lifted taxable profits by 42 per cent to £3.14m in 1987.

The outcome was scored on a 26 per cent expansion in turnover from £23.11m to £29.22m. Mr Cecil Duckworth, chairman, attributed the profits growth to a substantial increase in demand for the group's gas-fired boiler products which rose by 35 per cent against an average market increase of just 9 per cent.

The chairman said the current year had started strongly with good orders and high activity.

A final dividend of 1.4p is proposed from earnings per share of 9.1p (6.7p), making an adjusted total of 2.05p (1.44p).

Macfarlane up to £5.6m

ON the back of a £12.6m rise in turnover to £67.16m Macfarlane Group (Clansman) saw its 1987 profits rise from £4.51m to a record £5.58m pre-tax.

Earnings improved by 2.72p to 12.3p and a final dividend of 2.08p raises the total from 2.76p to 3.312p.

Substantial investment on three acquisitions during the year resulted in an increase in borrowings to £7m – around 32 per cent of shareholders' funds.

The group has interests in packaging and printing. Its order book remains high.

Bestwood hampered

The stock market crash in October "severely hampered" the proposed streamlining and restructuring at Bestwood, according to Mr Tony Cole, chairman.

Bestwood has since ceased its securities trading activities and rationalised the financial services operation.

Profits of the continuing businesses for 1987 rose to £3.58m from £1.63m. After taking into account losses sustained by now discontinued activities, however, Bestwood made a pre-tax loss of £278,000 (£3.31m profit).

No dividend is recommended (2p).

Nestor beats forecast

Nestor-BNA, a nursing agency sold by Eagle Star to its management in 1986 as part of the disposal of Grovewood Securities, returned profits of £2.79m pre-tax for 1987.

The figures compare with 1986's £2.15m and the £2.5m forecast last November at the time of the company's Stock Exchange listing.

Turnover pushed ahead from £11.68m to £14.48m and earnings worked through at 5.9p (3.2p).

All-round growth lifts S.Jerome to £2.1m

By Alice Rawsthorn

S. Jerome, which has interests in textiles and electronics, yesterday announced a 61 per cent increase in pre-tax profits to £2.1m for 1987 on turnover which rose by 20 per cent to £24.1m.

Mr Alan Jerome, chairman, said every area of activity had fared well during the year. The company plans to increase its investment in new textile machinery to £2m this year to improve productivity and increase capacity. It is also looking for acquisitions within textiles.

Earnings per share rose to 24.47p (15.84p) in 1987. The board proposes to increase the final dividend to 4.5p, making a total of 6.5p (4.3p) for the year.

In the textile division, Jerome worked at full capacity in both weaving and spinning. Operating profits rose to £2.1m (£1.4m) on sales of £19.4m (£16.2m).

The company is installing new weaving looms, which should increase capacity by 12 per cent. Similarly its spinning capacity will be expanded by 30 per cent when it moves into a new factory in July. It is also upgrading its plant for dyeing, fancy yarns and finishing.

Jerome also made progress in the electronics field with growth in profits to £230,000 (£142,000) on sales of £4.7m (£3.9m).

UTC expands

UTC Group, USM-quoted financial services combine, continued its growth and for 1987 and lifted pre-tax profits from £1.47m to £3m. Turnover rose from £14.15m to £17.48m.

Earnings came to 15.8p (10.3p) and a final dividend of 5p gives a total of 8p.

Amari advances by 33% in a year of reorganisation

BY MICHAEL SMITH

Amari, metal and plastic distribution group, yesterday announced a 38 per cent rise in pre-tax profits from £6.1m to £7.3m. *Earnings per share for* 1987 were static at 11.1p after a year of heavy investment and reorganistion.

Mr Michael Ward Thomas, chairman, said results for the year showed substantial progress *in all areas of the group's activities* and this was expected to continue.

The outline of the group's commercial strategy was now in place and the company anticipated a period when it could reap the benefits of its investment.

Mr John Pither, managing director, said he was content to have Suter, the industrial group which owns 24 per cent of Amari, as a major shareholder.

In 1987, the company's move into the US was a significant brake on earnings growth, partly because it has bought lossmaking companies with a view to turning them around.

Mr Ward Thomas said the US arm moved into profit last year and he expected a useful transatlantic contribution to earnings in 1988. Last year the company's 11 US plants doubled sales to about $80m and the current monthly sales volume is about £10m. The company's eventual aim is increase annual sales in the US to at least $300m and it hopes for returns on sales around the sector's average of about 4 per cent.

Amari also sees considerable scope for expansion in West Germany, where last year it bought a Hamburg distributor of aluminium products.

In the UK Aalco achieved record earnings and improved return on capital employed. Leavlite also produced record earnings with over half coming from the building and products division.

Group turnover rose from £178.1m to £235.78m. The final dividend is 3.7p making 6.8p (6.5p) for the year.

● comment

Three years of reorganisation are beginning to show through in profits but shareholders *will have* to wait further for an impact on the line where it counts most. The likelihood is that earnings per share will start to grow substantially this year. In the US the company will begin to benefit from its multibranch philosophy – although it has just 11 eleven outlets they are concentrated in relatively small geographic areas and so can offer a more customised service than the seven largest distributors. In the UK, still Amari's biggest market, the expanding range of products will help both sales and margins. If Amari makes pre-tax profits of £9m this year, the p/e is above 12.5. The multiple is boosted by bid speculation and seems high enough *for a company* that has gearing of 55 per cent and, in spite of recent progress, still has plenty to prove.

Lopex meets target as profits go 31% ahead

BY PHILIP RAWSTORNE

Lopex, advertising and communications group, met City expectations with a 31 per cent increase in pre-tax profits for 1987 of £4.7m.

Earnings per share rose 30 per cent to 16p. The board is recommending a final dividend of 3p, raising the total for the year to 5p, compared with 4.2p previously.

Mr John Castle, chairman and chief executive, said the results stemmed from continued growth in existing operations as well as *from the integration of* acquisitions made during the past year.

"Our concentration on the development of a pan-European presence well in advance of 1992 is now paying dividends," he added. Half of the year's profits, on a 26 per cent increase in turnover at £142m, came from European operations.

Net profit after taxation and minority interests was £2.25m, an increase of 42 per cent.

The market research division had a difficult year due to the demerger from the German market research company, Burke. But the consumer advertising contribution to profits was up from 27 per cent in 1986 to 45 per cent.

Mr Castle reported that the group had won £50m of new business so far this year, including a $15m advertising account for Heineken in the US.

The corporate annual growth aim remained unchanged at 25 per cent compound.

Lloyds Chemist doubled to £1.7m midway

After a period of rapid growth Lloyds Chemist, Warwickshire-based multiple chemist retailer, reported pre-tax profits more than doubled to £1.66m against £802,000 in the six months ended December 31 1987. Turnover jumped from £14.09m to £33.69m.

The directors are paying a maiden interim dividend of *0.5p* from earnings per 5p share ahead from 3.07p to 4.02p. For the year to June 30 1987 the dividend was 0.85p.

Lloyds had 300 stores at the end of the half year – an increase of 154 on the 146 at the end of June. It is now the second largest UK retail chemist chain.

Mr Allen Lloyd, chairman, said the expansion programme would continue.

Tax amounted to £599,000 (£316,000).

COMPANY NEWS IN BRIEF

BROOKS SERVICE GROUP increased taxable profits for 1987 by 46 per cent from £1.11m to £1.62m on turnover ahead from £13.61m to £14.94m. A final dividend of 2.8p is planned, for a total of 4.2p. Net earnings per share were 11.2p (9.7p).

CASTLE COMMUNICATIONS (USM-quoted entertainment operator): Turnover £3.69m (£2.89m) and pre-tax profit £401,000 (£354,000) for half year ended December 31 1987. Earnings 8p (8.4p) per 5p share. Interim dividend 3p.

JOHN I. JACOBS (shipbroker and shipowner): Turnover £2.67m (£2.02m) and pre-tax profits £1.38m (£894,000) for 1987. Exceptional credit £287,000 (debit £232,000). Earnings 4.95p (3.35p). Final dividend 2.7p makes 4.2p (3.9p).

MAGNOLIA GROUP (Mouldings) reports turnover £17.69m (£15.73m) and profit £1.08m (£1.05m) for 1987. Earnings 12.16p (12.96p) and final dividend 3.05p for total 4.45p (4p). Sales continue to be satisfactory.

MURRAY VENTURES (investment trust): Net asset value per 25p ordinary 316.5p (296.8p) at January 31 1988. Net revenue for half year £709,276 (£522,449) after tax of £279,779 (£218,156). Earnings 3.841p (2.51p). Interim dividend 2.15p (1.75p) – increase to reduce disparity. Company intends to recommend final of 3.6p making 5.75p (5.25p) total.

NEW ENGLAND Properties, USM company, raised 1987 taxable profits from £121,000 to £829,000 on turnover of £924,000 (£1.13m). There was an exceptional credit of £859,000. Earnings per share came out at 1.1p (0.2p).

PLASMEC: Pre-tax profits £415,692 (£347,087) on turnover of £9.4m (£8.62m) for 1987. Final dividend 1.8p (1.4p) for a 2.8p (2.1p) total. USM-quoted.

RIVOLI CINEMAS: In half year ended October 5 1987 pre-tax profits £152,318 (£126,997). Turnover £138,667 (£122,249). Investment income £129,381 (£117,582). Earnings per share 53.6p (43.2p).

BET, through its subsidiary United Transport International, is to sell its remaining interest in its South African bus operation, United Passenger Transport Investments (UPTI), for a price approximately in line with the net asset value of the business.

CANDOVER INVESTMENTS (management buy-out specialist): Pre-tax profits £1.21m (£895,000) on total income of £2.31m (£1.59m) for 1987. Final of 6p (5p) proposed for a 9p (7p) total. Earnings 10.75p (8.24p) and net assets 352p (252p) per share.

TRAFFORD PARK Estates produced turnover £3.5m (£3.2m) and profit £1.6m (£1.39m) for half year ended December 31 1987. Earnings 3.46p (2.98p) and interim dividend 1.55p (1.417p). Full year will see increased profit and asset growth.

RTZ CORPORATION: The proposed acquisition of its cement subsidiaries by A/S Aker Norcem and Industri Euroc will not be referred to the Monopolies Commission.

HUGH MACKAY: Allied *Textiles* Companies owns 1.72m ordinary shares (28.82 per cent).

BUSINESS LAW

Limits of artificial intelligence

By A.H. Hermann, LegaL Correspondent

WRITING about the Latent Damage Act (Business Law, August 21) shortly before it came into force, I said that it was a statute which solved nothing or only very little. It soon became evident that I had been uncharacteristically kind.

The new Act only added to the confusion of the previous law which each of the eminent Law Lords seemed to interpret differently. As a result, architects, builders and their clients were kept guessing about their liability for negligence, the effect of which became evident many years after the building had been completed and taken over. Because of time limitation on actions for damages, owners often lost legal rights to compensation before they discovered that they had them.

The 1986 Act gave house owners another three years from the date when they discovered the damage in which to claim and provided an overriding time limit of 15 years from the date of the wrongdoer's breach of duty, beyond which he could not be sued. This sounds simple, but in fact the statute is unintelligible in the best tradition of English statutory drafting.

Professor Phillip Capper of Keble College Oxford, author of the Latent Damage Act 1986, the first book published on this subject, says that the Act is "a dense web of barely intelligible inter-related rules (introducing) a range of overlapping and inter-related time periods . . . the Act cannot be understood without extensive knowledge of other relevant pieces of legislation and case law."

Professor Capper, who has worked as a IBM programme writer, must have had in mind the frequent sighs of English judges wishing for a computer to guide them through the statute law. When he met Dr Richard Susskind, an artificial intelligence expert with a Scottish law background, the penny dropped. They put their expertise together and produced a computer programme to solve the mysteries of the latent damage law. The disk carrying the programme will be enclosed with their book, Latent Damage Law – The Expert System, to be published by Butterworths shortly. The research for this work has been backed by Ernst & Whinney, the international accountants, and they seem to see a future in similar expert systems helping to apply law to cases presented to the computer by a lawyer or a layman. If they are right, Masons, the City solicitors with whom Prof Capper is now associated, may lose some business.

I do not think they will, although I found the system helpful and gentle. It gently asks you all the right questions in the right order, assimilates your answers and makes sure that you meant what you said by repeating a question in another form. It reassures you, by summing up your previous answers, and gives you a chance to correct any misunderstanding. In the end, it will come up with a verdict about liability and the latest date an action can be brought.

The system can be made to go even further, to branch off at crucial points, providing information about relevant case law, often contradictory. As the system's interpretation of the rules is a mirror image of the meaning given to them by Prof Capper, it is subject to errors, bias or the philosophical prejudices of its author. The excursions into case law and related branches of law will enable the user to readjust the picture presented by the computer, taking into account the errors, bias and philosophical prejudices of judges before whom the case is likely to be brought.

The software also, however, indicates the limits of artificial intelligence when applied to the interpretation of law. It is highly suitable for following a network of rules, provided this network is logical and not beset by inner contradictions as common law, unfortunately, is. A computer may help to identify the structure of black letter law and unravel some of the lesser intricacies of statutory drafting. It may do a lot of damage in the long run by confirming people in the mistaken belief that law is about little twists and that a good lawyer is the one who finds the twists likely to help your case.

However, from ancient times ordinary people and the best lawyers have known that to observe the law does not mean to follow its twists but to go in the *direction* in which its strength and power are aimed.[1] England – and gradually since the time of the union, Scotland – became an exception, putting case law before principle.

Only a minority of English judges – Mansfield, Reid and Denning, for example – appreciated the importance of legal principles not only for justice but also for the clarity and consistency of the law. The majority were brain-washed into believing that it is the twists that matter, and that law is necessarily beyond the comprehension of the layman.

Even Shakespeare fell into the trap: no shrewd merchant of Venice would have dreamed of making an obviously invalid contract; and if he was so out of his mind to claim a pound of flesh as a contractual penalty, there would have been no need for Portia's defensive twist. In civil law countries the court is supposed to know the law and contracts which are *contra bonos mores* are invalid from the very beginning.

The view of law as a web of twists and no principle led judges to favour literal interpretation – and this in turn has led to statutes which do not state the intent of parliament and try to provide for every situation. This makes them too long and unintelligible - and fails to provide for every situation as many cannot be foreseen. The English statutes are about two to five times as long as corresponding French, German or Swedish statutes and infinitely less meaningful.

Prof R.M. Goode of Queen Mary College, University of London, a leading expert in English commercial law, wrote[2]: "All too often our statutes are drafted in turgid and impenetrable prose which leaves the reader unable, without detailed study, even to get a general idea of what is intended."

It has not always been like this. Sir Henry Thrang who was the first to hold the office of Parliamentary Counsel, instructed the statute draftsmen in 1902 thus: " . . . (the) principle must be emmciated in its most concise form at the very outset of the Act, either in one section or in two or more consecutive sections, as the subject may require." How far did we get from that? The present-day parliamentary draftsmen seem to be proud of the unintelligibility which, in the words of Sir John Rowlatt, one of their number, they believe to be "*in inverse proportion to* (the statutes') chance of being right".[3]

It is a common experience that only a complete mastery of his subject enables the writer to communicate it simply and clearly. The obscurity of English legislative drafting may be due not so much to the striving for certainty – rarely achieved – as to the draftsman's unfamiliarity with the subject. Such unfamiliarity is often unavoidable if draftsmen are separated from the departments initiating legislation and isolated in a small group given the monopoly of statutory drafting.

There seems to be a good deal of tension between the "instructing" expert and the parliamentary draftsman. At best, in the words of Mr R.T. Oerton, who recently described his experiences as member of the Law Commission's staff, the expert feels as if he was operating by remote control a pair of mechanical hands which fail to pick up the materials, keep dropping them, or mix them wrongly; and is frustrated when the product is "so abstruse that you have to know what (the Parliamentary Counsel) is trying to say before you even begin to see that he may be saying it."

Sir William Dale, an authority on legislative drafting, suggested *that drafting should be de-professionalised* to introduce intelligibility and more of the common touch. But there would be no need to *introduce* intelligibility if the drafting was left to departmental lawyers who work side by side with the experts, under the same minister, and have no need to defend a priestly monopoly by weaving a web of mystery around it.

The drafting of new statutes could be not only more intelligible but also much better if taken out of the hands of expert draftsmen and left to experts in the relevant field of law, attached to the departments initiating the legislation, whose work could be co-ordinated by a legislative division in the Lord Chancellor's Department.

Expert computer systems, like that developed by Professor Capper and Dr Susskind for latent damage, could help a little to unravel the backlog of obscure law. But neither expert lawyers nor expert systems can provide a real and lasting remedy by themselves. That can only be brought about by codification of law. Work on the codification of criminal law is in hand. Codification of business law – not of commercial law in the narrow sense alone - is needed as much, if not more. The Law Commission should be allowed to do it - and given means to do it; it is now pitifully understaffed.

[1] *held by Celsus, Libri Digestorum, 1,3,17*
[2] *FT Feb 23 1984, p 9*
[3] *H.S. Kent, In on the Act, p 97*

COMMODITIES AND AGRICULTURE

New York studies high grade copper plan

By Deborah Hargreaves in Chicago

NEW YORK'S Commodity Exchange is discussing a move towards a high grade copper *futures contract in a bid to make* its market more representative of the physical market for copper.

However, the exchange is as yet undecided about the form any contract change should take and stresses that no change is imminent. The Comex board is expected *to debate* the issue *at its next* meeting on April 13.

The Comex added a system of premiums to *its standard grade* copper futures contract in October 1986. Producers delivering high grade copper – which accounts for almost 80 per cent of US output – against the contract are assured a fixed premium above the contract price.

Several suggestions for revamping the contract are now under consideration, including the listing of a completely new high-grade contract. However, the exchange's non-ferrous committee *is also discussing a system* of fluctuating premiums from a high-grade base – this would *involve the market determining* the premium level, a system many users consider much too complicated.

Aluminium price 'not justified'

BY KENNETH GOODING, MINING CORRESPONDENT

THE CURRENT high price of aluminium cannot be justified, according to a report from the Anthony Bird Associates consultancy group.

At today's costs and exchange rates, *it says, investment* in new capacity is worthwhile at a price of 64.5 cents a lb. If costs rise as Bird expects this will go up in time to 72.5 cents a lb. Even if there is a 10 per cent fall in the US dollar (in which aluminium is priced) against all other currencies, the *report* says the critical price will go up (in March 1988 money) only to 80 cents.

But on the *London* Metal Exchange yesterday at one stage the price of standard grade aluminium for delivery in three months reached a record $1.08 a lb.

Bird says producers can now be confident of achieving the prices necessary *to justify* investment in urgently-needed new smelting capacity.

Investment is required because the capacity growth currently planned for the years from 1991 onwards will be "quite inadequate".

The report concedes, however, that its forecasts would no longer be valid if there was a major world financial disaster or if aluminium suffered sustained price instability.

Price volatility, which makes it difficult for producers to ensure that supply exactly matches demand, might become self-feeding and permanent. "The industry urgently needs a better price-setting mechanism than it has at the moment to stop this happening," Bird insists.

The fall in aluminium production costs which characterised the 1982-1986 period has ended, *the report states*. Costs rose again last year and there was a *significant acceleration* in the early months of 1988, partly because of the steady fall in the value of the US dollar which automatically raises non-US production costs when measured in dollars.

Additionally, alumina prices are starting *to increase* because there is no longer a refinery glut.

"Many alumina and electricity contracts are now linked to the price of metal so that any surge in metal prices automatically triggers a sympathetic rise in costs. And we expect costs to continue to rise, in real terms, in the years ahead", Bird says.

It also points out aluminium smelting capacity in 1990 will be almost the same as it was in 1984 in spite of the growth in demand over the period – consumption is forecast by Bird to rise from 12.3m tonnes in 1985 to 13.78m tonnes in 1990.

From 1991 onwards producers plan to increase capacity by a modest 1.1 per cent a year. However, "we think that there will be a need for some 19m tonnes of capacity by 1996 whereas on current plans only 15.25m tonnes would actually be installed", the report adds.

There is still time for the 3.75m tonnes shortfall to be made up, it says. Indeed, if every project on the drawing board was to be built, the required capacity total would be met comfortably. But "we have applied a heavy discount *to tentative projects still* at an early stage of planning and to Venezuelan projects – for the bankers are unlikely to let Venezuela reach her full potential".

"Aluminium annual review: 1988". from Anthony Bird Associates, 193 Richmond Road, Kingston, Surrey KT2 5DD. £615.

Malaysia reports 40 per cent surge in cocoa crop

BY WONG SULONG IN KUALA LUMPUR

MALAYSIA'S COCOA production *soared 40 per cent to a record* 182,000 tonnes last year compared with 1986, the Malaysian Central Bank revealed in its annual report yesterday.

The 1986 output of 130,000 tonnes was itself a 34 per cent increase over the 1985 production, the bank said.

Surging commodity exports on the back of high prices was largely responsible for pulling the country out of its economic recession of 1985-86, according to the bank.

Barring a world recession, Malaysia's non-oil commodity exports were expected to remain buoyant for this year, although prices were likely to soften a little.

For last year, production of rubber rose by 2.7 per cent to 1.58m tonnes, timber logs by 15 per cent to 34.2m cubic metres, sawn timber by 18 per cent to 6m cubic metres, and tin by 4.3 per cent to 30,388 tonnes. However, output of palm oil fell by 0.3 per cent to 4.53m tonnes, and pepper by 5 per cent to 14,800 tonnes.

Total Malaysian exports rose by 26 per cent to 45.1bn ringgit (US$17.7bn) in 1987, with agricultural *commodities accounting for* 15.3bn ringgit (up 27 per cent), and tin 840m ringgit (up 29 per cent).

Export receipts for rubber rose 23 per cent to 3.9bn ringgit, timber logs and sawn timber by 44 per cent to 6bn ringgit, palm oil products by 11 per cent to 3.7bn ringgit, and cocoa by 38 per cent to 684m ringgit. Revenue from pepper fell by 2.5 per cent to 159m ringgit.

The bank said prices for rubber, palm oil and tin during the first two months of 1988 were higher than at the end of last year. This was due to adverse weather conditions, external demand, and low stocks.

It said the favourable prices should prevail for at least the *first half* year, *after which* the overall price trend was expected to soften somewhat. Total commodity export earnings for 1988 were expected to be similar to that of last year.

The Kuala Lumpur Commodities Exchange had a successful year, *with its crude palm oil* futures contract registering a total turnover of 131,411 lots of 25 tonnes each for 1987, or a daily turnover of 541 lots, compared with 169 lots in 1986.

The tin futures contract, launched in October 27, attracted 8,441 lots of one tonne each. There was however, little or no activity on the three other contracts, for palm kernel oil, RSS1 rubber, and SMR20 rubber.

On the Kuala Lumpur tin market, a total of 20,436 tonnes of cash tin (physical) was traded, an increase of 23 per cent over 1986.

Ministers give nod to EC farm price freeze

By David Buchan in Brussels

EC AGRICULTURE Ministers yesterday gave a nod of acquiescence towards the Commission's proposals to freeze most agricultural prices for 1988-89, recognising that the recent *heads of government agreement* on farm spending reform leaves them relatively little scope for manoeuvre.

But Mr John Macgregor, the UK agriculture minister, complained that the Commission was being discriminatory *in proposing* a cut for Greece in negative monetary compensatory amounts (MCAs), but not for the UK. Britain, he said, had the second *highest level* (behind Greece) of negative MCAs, which act as an import subsidy and export tax.

The problem was most severe in the pigmeat sector, a point to which the UK minister is expected to return in the price-fixing negotiations which start in earnest next month. However, ministers agreed on a phase out of Community aided investment grants to pig farmers by the end of 1990. Until that time, grants are to be limited to schemes increasing the number of "pig places" by no more than 300 per holding, with an overall limit of 800.

Meanwhile, on two Mediterranean products, negotiations were continuing last night on olive oil "stabiliser" price cuts, from which Greece wants a temporary exemption in view of its bad harvest last year, and, more important, on general measures to drain the Community's wine lake. This is the last of eight non-arable stabilisers to be negotiated, and agreement on wine is considered politically essential for the whole EC farm spending reform package to be wrapped up by May.

Australian group sells copper technology

BY CHRIS SHERWELL IN SYDNEY

MIM HOLDINGS, the Australian-based international mining group, has clinched its biggest technology export contract yet with the licensing of its unique copper refining process to a major West German metals company.

Called the Isa Process, after the Mount Isa location of MIM's main mining operation, the electrolytic *refining technology* is unique because it involves re-usable stainless steel cathodes instead of refined copper ones, which continually need replacing.

The purchaser is Norddeutsche Affinerie, in which MIM last year acquired a 35 per cent stake. The company is one of the world's largest copper refiners, and is building a new plant at Hamburg with a capacity of 140,000 tonnes per year.

Apart from the licensing agreement, MIM secured a contract to supply the 34,500 stainless steel plates needed for the new plant. These will be manufactured at MIM's Townsville plant in Queensland.

The company did not put a value on either deal for commercial reasons, but over the past six years it has earned some A$30m (£11.85m) from marketing the Isa Process to companies in the US, Canada, Mexico and Austria. In Australia the process is used at CRA's Port Pirie smelter near Adelaide and on the Olympic Dam project at Roxby Downs, also in South Australia.

Parallel to these developments MIM has also proven its Isasmelt smelting process, developed with the help of CSIRO, the country's premier scientific research organisation. But this will not be ready for marketing until all patents are secured.

In other announcements yesterday, the company said it had already sold two vacuum de-zincing plants to US lead refineries this year, while a third was being manufactured for installation in Mexico. The plants, developed at MIM's silver-lead refinery in the UK, remove zinc which is used in *the separation of silver from lead.*

MIM is also developing a new process to recover silver at its lead refinery through an oxygen-blowing process which uses less energy but offers higher silver recovery compared with conventional processes. It is called Bottom Blown Oxygen Cupel.

WEEKLY METALS

All prices as supplied by Metal Bulletin (last week's prices in brackets).

ANTIMONY: European free market 99.6 per cent, $ per tonne, in warehouse, 2,280-2,300 (same).

BISMUTH: European free market, min 99.99 per cent, $ per lb, tonne lots in warehouse, 5.55-5.70 (same).

CADMIUM: European free market, min 99.95 per cent, $ per lb, in warehouse, ingots 8.40-8.90 (8.35-8.95), sticks 8.40-8.90 (8.35-8.95).

COBALT: European free market, 99.5 per cent, $ per lb, in warehouse, 6.85-7.05 (6.80-7.00).

MERCURY: European free market, min 99.99 per cent, $ per 76 lb flask, in warehouse, 285-295 (285-300).

MOLYBDENUM: European free market, drummed molybdic oxide, $ per lb Mo, in warehouse, 3.75-4.15 (3.85-4.30).

SELENIUM: European free market, min 99.5 per cent, $ per lb, in warehouse, 10.40-10.60 (10.50-10.70).

TUNGSTEN ORE: European free market, standard min 65 per cent, $ per tonne unit (10 kgs) WO_3, cif, 53-59 (same).

VANADIUM: European free market, min 98 per cent, V_2O_5, cif, 3.05-3.15 (3.00-3.10).

URANIUM: Nuexco exchange value, $ per lb, U_3O_8, 16.30 (same).

The farmer who refuses to cry over spilt milk

Bridget Bloom talks to a British dairy farmer who has overshot his EC quota

"SEE THE white dot to the left of the barn?" Stuart Harrison gesticulated from the kitchen window across his greening pastures in the lee of the South Downs. "That's the slurry pump. The milk's being pumped out with the slurry in the field beyond."

Mr Harrison's 100 cows will be turned out onto those fields in the next ten days, and by then he will know how far his ruse has worked. He is so far over his milk quota that he's pouring much of his milk away.

He says that, mixed with the effluent from the cowshed, the milk is good for the grass. More to the point is that he hopes it will reduce the £4,500 fine which he will otherwise have to pay for exceeding his European Community-determined production quota.

Stuart Harrison appears a lot more relaxed about this probable fine – representing nearly a quarter of his net profits last year – than many farmers in his position, perhaps because he has a rather philosophical approach to agriculture. "I enjoy the lifestyle and I don't believe in whining when things start going wrong" he says.

One official of the Milk Marketing Board, responsible for administering Britain's quotas within the EC wide scheme, reports "tearful" conversations this week with some farmers who are only now realising the extent of their likely indebtedness as one of Europe's more successful attempts to curb its hugely expensive *farm surpluses* reaches a critical point.

April 1 is the day of reckoning for milk quotas: they were introduced on that day in 1984 and on Friday, the latest cuts will come into force for 1988-89. Since 1984 European production of liquid milk will have been cut by nearly 19 per cent, with the EC as a whole likely to be within 1.5 per cent of the 1987-88 target. (Britain is thought to be within 0.5 per cent of its national quota).

Stuart Harrison took a conscious business decision to produce above his 1987-8 quota of some 370,000 litres. The quota had been fixed rather low in the first place because he bought an extra 15 cows from his neighbour in late 1983, too late for them to be taken into account. "I gambled on the country as a whole producing under quota," he says.

In the first two years this worked, when fines were quite low and were anyway spread out among over-producing farmers. But now he has got caught by a new rule which whacks a hefty 19.08 pence a litre fine on every single farmer who produces more than eight per cent over quota.

Determined not to be depressed, Mr Harrison says that by Friday he may have been able to reduce the fine because, in addition to the milk he is now pouring away, he is feeding milk to his spring-born calves longer than he would normally.

His income is also being swelled because those calves, thanks largely to quotas and a consequent decline in herd numbers, are fetching around £150 instead of about £100 at market.

"Then there is the compensation," Mr Harrison says, referring to payments of between 3.5p and 6.5p a litre which every dairy farmer gets, for the seven years from 1984, as compensation for forfeited production. "Last year I got about £1,200 in compensation. This year it may be more."

Despite his determination to look on the bright side, Mr Harrison, like other "low-cost, low-yield" dairy farmers, has been hit rather harder by quotas than others with more fat in their farming systems. His cows are fed only about half a tonne of concentrate a year and give yields of about 4,500 litres compared with the 5,000-5,500 litre possible from cows which are fed more intensively on upwards of one tonne of concentrate.

Mr Harrison does not have the room for manoeuvre of the more intensive farmers, who have cut back on expensive feeds and have experienced some drop in yield but also an actual improvement in financial margins. But again he is philosophical. On milk and calf sales of some £70,000, he reckons his profits after modest debt servicing, and other administrative charges, including some relief milking, at just under £21,000.

"I feel very sorry for smaller farmers who have borrowed heavily to extend their business," he says. But his own financial pressures are easing as his three children are nearing the end of their (private) education. He thinks he may sell the 15 cows which keep him over quota, partly to allow him more time to devote to the affairs of the National Farmers' Union – he is deputy chairman of the central southern branch, taking in Middlesex, Surrey and West Sussex, where he lives.

The Harrison life style is simple, not to say homely. The neat hedges, green pastures, and stunning view to the Downs and the bluebells pushing through wild anemones in the wood he is conserving alongside the farm clearly all give him as much pleasure as do the cows he cares for single-handed.

Belts may be tightened as a result of quotas and his children may or may not want to take over the farm in the end. But he has no intention of leaving farming, or his particular farm. "I shall go out of here in a box - and in no other way," he insists.

UK grain trade criticises plan

THE PRICE freeze embodied in the European Commission's latest price fixing proposals offers no real solution to the problem of over-production and budgetary pressures and could easily lead to mandatory production quotas, the UK Grain and Feed Trade Association said yesterday.

GAFTA believes that the simplest method of reducing surpluses would be by straightforward price reductions.

It also criticises as a "slide into administrative muddle" the decision to make an extra three per cent cereal co-responsibility levy dependent on the thresholds being reached.

"How on earth can the trade expect to conduct business in the normal way, anywhere up to 12 months or more forward, on the open ended terms of this indirect, retrospective price cutting mechanism ?" the Association asks

WORLD COMMODITIES PRICES

LONDON MARKETS

NICKEL PRICES finally went into reverse on the LME yesterday following the news late on Monday that Falconbridge was shipping more of the metal from the Dominican Republic, where the company is in dispute with the Government over export duties. Cash metal shed $2,450 a tonne to close at $19,750, ending a run of nine trading days of price increases. But there is still steady demand from Western European consumers, traders said, and a resurgence in prices is likely after the Easter holiday on the back of the sound fundamentals. Aluminium prices were also lower, with few buyers appearing after some early Japanese offtake. Traders had expected a downward reaction in view of aluminium's large premium over copper which, historically, has not been sustained for any significant time. In contrast, Biffex dry cargo freight futures rallied after sharp early falls, with frantic buying on technical factors following the panic selling of recent days.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$13.90-4.00w	-0.10
Brent Blend	$16.60-6.70v	
W.T.I. (1 pm est)	$17.10-7.15w	+0.05
Oil products (NWE prompt delivery per tonne CIF)		+ or -
Premium Gasoline	$167-169	
Gas Oil (Soviet)	$137-139	-2
Heavy Fuel Oil	$74-76	+2
Naphtha	$141-143	+0.5
Petroleum Argus Estimates		
Other		+ or -
Gold (per troy oz)♦	$455.25	+1
Silver (per troy oz)♦	660c	+5
Platinum (per troy oz)	$516.00	+7.15
Palladium (per troy oz)	$123.50	
Aluminium (free market)	$2265	+35
Copper (US Producer)	119¾-21c	-½
Lead (US Producer)	36.5c	
Nickel (free market)	880c	-210
Tin (European free market)	£3692.5	-17.5
Tin (Kuala Lumpur market)	17.39r	-0.01
Tin (New York)	319.5c	
Zinc (Euro. Prod. Price)	$950	
Zinc (US Prime Western)	51½c	
Cattle (live weight)†	109.64p	+0.43*
Sheep (dead weight)†	205.04p	+13.97*
Pigs (live weight)†	85.87p	-0.62*
London daily sugar (raw)	$237x	+4
London daily sugar (white)	$248.5x	+2.5
Tate and Lyle export price	£234.5	+2.0
Barley (English feed)	£109y	
Maize (US No. 3 yellow)	£134.0y	+0.5
Wheat (US Dark Northern)	£91.0s	-1.5
Rubber (spot)♥	63.00p	
Rubber (May) ♥	67.00p	
Rubber (June) ♥	67.25p	
Rubber (KL RSS No 1 Mar)	289m	-1
Coconut oil (Philippines)§	$510x	-5
Palm Oil (Malaysian)§	$402.5x	
Copra (Philippines)§	$360y	+15
Soyabeans (US)	£158.5	-1.5
Cotton "A" index	65.85c	-0.20
Wooltops (64s Super)	500p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. w-May. u-Apr/Sep. s-Apr/Jun. y-Apr. t-Jun/Jul. z-Apr/May. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♦ Bullion market close. m-Malaysian/Singapore cents/kg.

COCOA £/tonne

	Close	Previous	High/Low
Mar	801	816	805
May	818	835	829 809
Jly	836	852	849 827
Sep	855	872	868 844
Dec	878	897	890 866
Mar	904	919	912 891
May	1023	1038	1023 1010

Turnover: 3690 (3743) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for March 28 : 1211.10 (1243.01). 10 day average for March 29 : 1214.81 (1213.57).

COFFEE £/tonne

	Close	Previous	High/Low
May	1113	1115	1113 1097
Jly	1141	1137	1145 1123
Sep	1165	1165	1165 1149
Nov	1187	1190	1189 1172
Jan	1212	1216	1208 1198
Mar	1233	1235	1222 1231
May	1250	1260	

Turnover: 1696 (1365) lots of 5 tonnes
ICO indicator prices (US cents per pound) for March 28: Comp. daily 1979 117.81 (117.13); 15 day average 117.58 (same).

SUGAR $ per tonne

Raw	Close	Previous	High/Low
May	204.20	198.40	206.00 202.40
Aug	208.20	202.40	214.00 201.00
Oct	202.00	196.40	204.00 201.00
Dec	191.00	197.80	196.00
Mar	202.20	195.40	202.20 199.80
May	193.00	197.80	

White	Close	Previous	High/Low
May	242.20	238.50	243.00 240.30
Aug	243.00	239.50	243.00 241.00
Oct	242.50	238.50	242.00 240.50
Dec	244.00	241.00	
Mar	244.00	241.00	245.00 242.50
May	246.00	243.50	
Aug	251.00	245.00	

Turnover: Raw 2392 (1269) lots of 50 tonnes; White 1150 (804).
Paris- White (FFr per tonne): May 1376, Aug 1371, Oct 1373, Dec 1380, Mar 1400, May 1410

GAS OIL $/tonne

	Close	Previous	High/Low
Apr	137.25	135.50	138.25 137.00
May	134.25	132.50	135.50 134.00
Jun	134.50	135.50	135.50 134.00
Jul	135.00	135.50	135.25 134.50

Turnover: 1881 (2040) lots of 100 tonnes

GRAINS £/tonne

Wheat	Close	Previous	High/Low
May	104.20	104.15	104.20 104.00
Jly	105.90	105.80	106.00 105.35
Sep	100.70	100.80	100.70 100.60
Nov	102.30	102.20	102.40 102.20
Jan	104.65	104.55	104.65 104.60
Mar	106.50	106.40	106.50

Barley	Close	Previous	High/Low
May	104.25	104.15	104.25 104.15
Sep	97.45	97.65	97.45
Nov	100.20	100.60	100.20
Jan	102.75	102.75	102.75
Mar	104.10	104.50	104.10

Turnover: Wheat 155 (188), Barley 23 (21) lots of 100 tonnes.

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 0 tonne
Cash	2450-55	2870-80		2890-900		
3 months	2420-30	2450-60	2460/2450	2450-60	2410-30	3,726 lots
Aluminium, 99.5% purity ($ per tonne)						Ring turnover 17,950 tonne
Cash	1280-5	1325-30	1295/1545	1300-5		
3 months	1258-60	1312-5	1312/1275	1318-5	1282-5	46,162 lots
Copper, Grade A (£ per tonne)						Ring turnover 29,150 tonne
Cash	1293-5	1300-2	1295/1290	1290-2		
3 months	1218-8	1220.5-1	1225/1205	1218-9	1219-20	68,687 lots
Copper, Standard (£ per tonne)						Ring turnover 150 tonne
Cash	1265-5	1295-85	1265	1265-70		
3 months	1185-95	1180-90		1185-95		13 lots
Silver (US cents/fine ounce)						Ring turnover 20,000 ozs
Cash	665-8	659-62	662	663-2.5		
3 months	676-9	670-3		673-5	680-5	579 lots
Lead (£ per tonne)						Ring turnover 5,525 tonne
Cash	350-2	350-2	351/349	350-0.5		
3 months	336-9	336-9	340/337	338-9	338-9	10,743 lots
Nickel ($ per tonne)						Ring turnover 888 tonne
Cash	19500-20000	22000-400		19000-500		
3 months	16000-100	17800-8000	17700/15450	16700-800	16000-100	6,592 lots
Zinc (£ per tonne)						Ring turnover 17,825 tonne
Cash	554-8	565-71	569/555	557-7.5		
3 months	548-9	548-50	556/544	548-7	551-2	16,488 lots

POTATOES £/tonne

	Close	Previous	High/Low
Apr	127.3	121.5	127.8 123.0
May	133.9	127.0	131.0 127.0
Nov	84.0	82.0	83.5 82.5
Feb	105.0	103.0	103.0
Apr	138.5	138.0	138.5 138.0

Turnover: 780 (866) lots of 100 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low
Apr	132.00	131.50	
Jun	127.30	127.20	
Aug	125.80	126.00	126.50
Oct	127.00	126.80	127.50 127.00
Dec	130.00	129.80	130.50

Turnover: 239 (30) lots of 100 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low
Apr	1640.0	1630.5	1650.0 1630.0
Jly	1530.0	1510.0	1540.0 1485.0
Oct	1604.0	1645.0	1670.0 1615.0
Jan	1550.0	1545.0	1550.0 1535.0
Apr	1655.0	1655.5	1655.0 1485.0
BFI	1630.0	1641.5	

Turnover: 814 (281)

COTTON

Liverpool - Spot and shipment sales for the week ending March 25 amounted to 1,564 tonnes against 886 tonnes in the previous week. Fair trading occurred with various growths attracting attention.

JUTE

C and f Dundee: BTC $536, BWC $325, BTD $480, BWD $450; c and f Antwerp: BTC $510, BWC $500, BWD $445, BTD $465.

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	455-455½	245½-244
Opening	454½-455½	245½-244
Morning fix	454.7	244.356
Afternoon fix	454.9	243.980
Day's high	455½-456	
Day's low	454½-454¾	

Coins	$ price	£ equivalent
US Eagle	465-473	250½-253½
Maple leaf	465-473	250½-253½
Britannia	465-473	250½-253½
Krugerrand	454-457	243-245
1/2 Krug	237-246	127½-132½
1/4 Krug	117½-125½	63½-67½
Angel	465-471	251-254
1/10 Angel	46½-51½	25½-27½
New Sov.	107-108	57½-58
Old Sov.	107-108¼	57½-58½
Noble Plat	530.45-5.65	284-287½

Silver fix	p/fine oz	US cts equiv
Spot	355.35	663.60
3 months	364.05	676.15
6 months	372.05	687.30
12 months	388.05	711.70

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls			Puts		
Strike price $ tonne	May	July	Aug	May	July	Aug
2250	267	219	14	126		
2400	243	149	41	209		
2550	148	97	94	296		
Aluminium (99.5%)	**Calls**			**Puts**		
2250		218		144		
2400		175	145	229		
2550		125	98	308		
Copper (Grade A)	**Calls**			**Puts**		
2200		212	228	66	181	
2300		158	179	109	245	
2400		111	143	181	306	

US MARKETS

Because of the extended time gap opened between the UK and the US following the introduction of British Summer Time, last night's US closing prices were not available for inclusion in this edition. The report and prices carried below are as at the close on Monday night.

A combination of firmer oil prices, a weaker US dollar and short-covering kept both the gold and platinum steady in quiet trading, reports Drexel Burnham Lambert. A late short-covering rally pared losses in an otherwise lacklustre silver market. Switch activity, notably with traders unwinding spot positions in gold and platinum, was also a feature. Copper fell under the combined weight of local, commission house and light fund selling which touched off stops before support was noted at the lows. Energy futures were firm, although in quiet trading, as local and trade buying touched off stops in the face of light fund selling and mixed profittaking. Coffee firmed on short-covering, sugar penetrated the upper end of its range on a late rally fuelled by trade and commission house buying

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low
Mar	455.8	455.8	0 0
Apr	455.9	453.2	456.2 455.1
May	459.0	456.0	0 0
Jun	463.6	460.9	464.4 462.1
Aug	468.2	465.5	469.0 467.0
Oct	473.6	470.1	473.2 472.0
Dec	478.7	477.1	478.5 477.0
Feb	483.3	480.7	0 0
Jun	493.0	491.1	0 0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low
Mar	510.7	503.7	0 0
Apr	511.7	503.1	515.0 506.0
Jul	516.6	507.6	517.0 511.5
Oct	521.5	512.7	521.5 517.0
Jan	527.0	518.4	525.0 520.0
Apr	533.5	525.0	0 0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low
Mar	660.5	656.5	664.0 661.0
Apr	662.7	666.9	0 0
May	671.9	671.5	674.0 669.5
Jul	678.5	680.0	683.0 677.5
Sep	690.5	688.5	692.0 687.0
Dec	701.0	701.5	705.0 699.5
Jan	705.0	702.7	0 0
Mar	714.7	712.3	713.0 712.5
May	724.3	724.8	0 0
Jul	734.2	734.7	735.0 730.0

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low
Mar	107.80	113.75	112.00 106.75
Apr	105.50	105.50	105.75 105.75
May	103.80	103.05	102.00 99.70
Jul	95.30	97.85	98.70 94.10
Sep	90.80	92.45	91.60 89.50
Dec	86.60	86.80	86.90 85.00
Jan	84.10	85.10	84.00 84.00
Mar	81.60	82.20	82.20 80.50
May	79.80	80.20	79.10 79.10
Jul	78.10	78.70	0 0

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low
May	17.15	17.03	17.21 16.95
Jun	17.04	16.92	17.10 16.85
Jul	16.96	16.85	17.02 16.79
Aug	16.94	16.80	16.95 16.78
Sep	16.89	16.74	16.90 16.75
Oct	16.85	16.70	16.85 16.85
Nov	16.80	16.67	0 0
Dec	16.78	16.64	16.75 16.65
Jan	16.75	16.61	16.60 16.60
Feb	16.55	16.58	16.55 16.55

HEATING OIL 42,000 US galls, cents/US galls

	Close	Previous	High/Low
Apr	48.15	47.76	48.20 47.70
May	46.05	45.65	46.35 45.60
Jun	45.30	44.64	45.45 44.60
Jul	45.05	44.54	45.20 44.55
Aug	45.60	45.04	45.70 45.30
Sep	46.00	45.44	46.00 45.95
Oct	47.80	47.35	47.80 47.80

COCOA 10 tonnes; $/tonnes

	Close	Previous	High/Low
May	1573	1610	1610 1581
Jul	1593	1635	1635 1599
Sep	1622	1658	1656 1625
Dec	1657	1701	1685 1651
Mar	1688	1735	1710 1692
May	1713	1755	1720 1720
Jul	1740	1778	1743 1743

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low
May	135.57	134.40	135.60 134.50
Jul	137.49	136.53	137.60 136.65
Sep	139.49	138.48	139.80 138.30
Dec	141.22	140.08	141.25 139.90
Mar	142.90	141.72	142.90 142.25
May	145.00	143.25	145.25 145.25

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low
May	9.14	8.98	9.19 8.95
Jul	9.04	8.85	9.05 8.78
Oct	8.88	8.65	8.88 8.60
Jan	8.10	8.65	0 0
Mar	8.90	8.65	8.92 8.73
May	8.95	8.80	8.92 8.82
Jul	8.98	8.85	8.95 8.95

COTTON 50,000; cents/lbs

	Close	Previous	High/Low
May	62.11	62.05	62.25 62.05
Jul	61.06	61.15	61.20 60.80
Oct	59.25	59.05	59.20 59.00
Dec	58.20	57.90	58.30 58.05
Mar	58.89	58.80	58.80 58.60
May	59.55	59.30	0 0
Jul	59.15	59.20	59.30 59.00

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low
May	165.60	165.60	166.60 164.20
Jul	159.65	159.95	160.50 158.90
Sep	155.00	155.50	155.50 154.60
Nov	151.75	152.55	152.50 152.00
Jan	149.75	150.25	150.00 149.00
Mar	148.75	148.75	148.95 148.95
May	148.95	148.95	0 0
Jul	148.95	148.95	0 0

INDICES

REUTERS (Base: September 18 1931 = 100)

Mar 25	Mar 24	mnth ago	yr ago
1751.1	1748.0	1787.2	1628.9

DOW JONES (Base: December 31 1974 = 100)

Spot	132.28	132.05	127.76	116.04
Futures	134.53	134.84	131.98	113.56

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low
May	655/6	648/4	658/0 647/0
Jul	664/2	656/2	664/6 655/0
Aug	665/0	656/4	665/6 655/0
Sep	658/6	650/2	660/0 650/0
Nov	673/4	667/6	673/0 665/2
Jan	681/2	674/4	681/4 674/0
Mar	691/4	683/4	688/4 682/0
May	698/4	691/4	698/0 689/0
Jul	694/4	681/4	0 0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low
May	21.24	20.87	21.25 20.90
Jul	21.61	21.27	21.62 21.33
Aug	21.71	21.35	21.75 21.45
Sep	21.76	21.37	21.80 21.55
Oct	21.85	21.45	21.86 21.60
Dec	22.12	21.80	22.15 21.86
Jan	22.12	21.82	22.20 22.05
Mar	22.17	21.85	22.15 22.20

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low
May	196.0	193.3	196.2 192.6
Jul	195.7	194.6	195.2 193.1
Aug	196.2	195.2	196.2 194.5
Sep	196.3	195.6	196.5 195.0
Oct	197.7	196.0	198.0 196.5
Dec	199.5	198.5	200.0 197.5
Jan	199.5	199.0	200.0 199.5
Mar	203.0	200.5	203.5 201.5
May	204.5	201.5	204.5 203.5

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low
Mar	210/4	208/6	210/6 208/4
Jul	216/2	215/6	216/4 214/2
Sep	222/0	220/4	222/6 220/4
Dec	229/6	227/4	231/6 228/6
Mar	234/4	232/4	234/4 233/2
May	239/6	237/4	236/6 233/6

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low
May	309/4	305/0	308/4 299/0
Jul	307/6	313/2	314/2 307/0
Sep	315/0	319/0	314/4 312/0
Dec	326/4	329/2	330/2 323/0
Mar	330/4	338/4	335/4 332/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low
Jun	72.47	72.17	72.50 72.10
Aug	69.02	68.12	69.05 68.50
Oct	67.67	67.12	67.65 67.10
Dec	67.97	67.57	68.00 67.50
Feb	67.75	67.15	67.65 67.10
Apr	74.42	74.22	75.50 73.00

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low
Jun	50.82	51.42	51.25 50.55
Jul	51.00	51.10	51.55 50.85
Aug	47.82	48.10	48.10 47.75
Oct	43.70	44.00	44.02 43.72
Dec	44.40	44.82	44.70 44.30
Feb	43.57	43.75	43.77
Apr	42.05	42.25	42.25 42.05

PORK BELLIES 38,000 lbs; cents/lb

	Close	Previous	High/Low
May	56.45	57.37	57.25 56.15
Jul	56.85	57.67	57.55 56.40
Aug	55.35	56.02	55.95 54.80
Feb	58.20	57.95	58.20 57.80
Mar	57.15	57.05	57.25 0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar recovers but still nervous

THE DOLLAR recovered in London from levels touched in the Far East, as the threat of central bank intervention encouraged investors to cover short positions.

Some bounce back from the lows was expected, but the dollar's overall sentiment remained bearish. However one analyst suggested that the temptation to run short positions over the long weekend - on the assumption that dollar selling would resume after the start of the Japanese financial year - should be resisted.

The argument ran that recent official comments, stressing the determination of central banks to maintain currency stability, should be taken as a warning. There was a possibility that monetary authorities would allow the dollar to fall before intervening, leaving the market badly wrong footed, as it was in January.

The dollar closed at DM1.6615 from DM1.6610 and Y124.50 compared with Y124.15. Elsewhere it rose to SFr1.3735 from SFr1.3705 and FFr5.6325 from FFr5.6275. On Bank of England figures, the dollar's exchange rate index fell to 92.5 from 92.6.

US leading economic indicators rose by 0.9 p.c. in February after falling a revised 1.1 p.c. in January. The figure came in towards the top end of expectations, while February homes sales, with a rise of 20.3 p.c., recorded the largest monthly rise since March 1986.

STERLING-Trading range against the dollar in 1987/88 is 1.8785 to 1.4710. February average 1.7580. Exchange rate index rose to 77.7 from 77.6 at the opening and 77.1 on Monday. The six months ago figure was 73.1.

Sterling continued to improve after its stronger opening. Dealers reported good overseas demand, after comments by Mr Robin Leigh-Pemberton, Governor of the Bank of England, to the Commons Treasury and Civil Service Committee, were seen as lessening the chances of an early cut in base rates.

Demand was at one time enhanced by speculation that Mr Nigel Lawson, the Chancellor, with his known preference for a stable exchange rate, had resigned. This was quickly denied by the Treasury. Sterling touched a high of DM3.1100, but there was no sign of any intervention by the Bank of England. The pound closed at DM3.1075 up from DM3.0875 and Y233.0 against Y230.75. Against the dollar, it rose to $1.8705 from $1.8590. Elsewhere it finished at SFr2.5700 from SFr2.5475 and FFr10.5350 compared with FFr10.4625.

D-MARK-Trading range against the dollar in 1987/88 is 1.9805 to 1.5740. February average 1.6966. Exchange rate index 149.2 against 146.1 six months ago. Sentiment remained on the bearish side for the US unit in Frankfurt, as demand for the Japanese yen attracted funds out of the dollar and the D-Mark.

The Bank of Japan had already given support to the dollar, and with trading in Europe providing no fresh impetus, attention tended to remain centred on the possibility of further central bank intervention.

JAPANESE YEN-Trading range against the dollar in 1987/88 is 159.45 to 121.35. February average 129.17. Exchange rate index 245.5 against 219.1 six months ago.

Renewed support enabled the dollar to recover against the yen in Tokyo to finish at Y124.35, up from Y123.75 in New York. It opened at Y123.90, slightly above its New York level, and moved above Y124.0 as institutions moved to cover short positions

The dollar touched a high of Y124.85. Sentiment improved after supportive comments from Mr Kiichi Miyazawa, Japan's Finance Minister, when he said that the Group of Seven nations were committed to stabilising currencies in times of volatility.

£ IN NEW YORK

Mar.29	Latest	Previous Close
£ Spot	1.8635-1.8645	1.8710-1.8720
1 month	0.28-0.25pm	0.29-0.27pm
3 months	0.86-0.82pm	0.83-0.70pm
12 months	2.77-2.67pm	3.05-2.95pm

Forward premiums and discounts apply to the US dollar

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Mar.29	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4216	+2.27	+1.05	±1.5344
Danish Krone	7.85212	7.94910	+1.24	0.00	±1.5404
German D-Mark	2.05853	2.07365	+0.73	-0.51	±1.0981
French Franc	6.90403	7.03211	+1.86	+0.62	±1.3674
Dutch Guilder	2.31943	2.32864	+0.40	-0.84	±1.5012
Irish Punt	0.768411	0.775015	+0.86	-0.38	±1.6684
Italian Lira	1483.58	1535.66	+3.51	+2.83	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

STERLING INDEX

[illegible]

POUND SPOT- FORWARD AGAINST THE POUND

Mar.29	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8590-1.8710	1.8700-1.8710	0.29-0.26cpm	1.76	0.86-0.81pm	1.79
Canada	2.3015-2.3140	2.3130-2.3140	0.06c-0.04cpm	-0.05	0.12dis-0.01pm	-0.10
Netherlands	3.47¼-3.49½	3.48½-3.49½	1½-1cpm	4.51	4½-3¾pm	4.58
Belgium	64.70-65.25	64.95-65.05	21-5cpm	2.40	50-31pm	2.49
Denmark	11.87¾-11.94	11.93-11.94	3⅛pm-1⅞dis	-0.06	par-3⅜dis	-0.34
Ireland	1.1580-1.1635	1.1595-1.1605	0.09-0.13pdis	-1.14	0.28-0.35dis	-1.09
W. Germany	3.09¼-3.11	3.10¾-3.11	1⅜-1⅛pm	5.07	4⅛-3¾pm	5.23
Portugal	252.90-255.15	254.10-255.10	60-130cdis	-4.01	230-330dis	-4.40
Spain	206.75-208.10	207.60-207.90	23-44cdis	-1.94	67-118dis	-1.97
Italy	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

CURRENCY RATES

[illegible]

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

[illegible]

CURRENCY MOVEMENTS

[illegible]

EURO-CURRENCY INTEREST RATES

[illegible]

OTHER CURRENCIES

[illegible]

°Selling rate

EXCHANGE CROSS RATES

[illegible]

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Busy doing nothing

IT WAS a day of very quiet trading on Liffe, where the market appeared to be looking for an excuse not to get things wrong.

Mr Nigel Lawson, the UK Chancellor, played a major part in the market's philosophy, during an otherwise dull day. The Treasury issued a statement denying rumours of Mr Lawson's resignation.

Dealers will now wait to see whether the Chancellor's testimony today to the Commons' Treasury and Civil Service Committee is of any immediate interest. The market generally expects him to play a dead bat on the subject of interest rate and currency policy.

The long Easter weekend coincides with the end of the quarter, and end of the financial year in Japan. It has been widely forecast that Japanese institutions are holding on to dollars for book squaring purposes, and will be keen sellers of the currency next week.

But Mr Nick Parsons, at Union Discount, said there is a chance the market is being lured into a classic bear trap, similar to that sprung in January. In this situation there is good reason to stay out of the financial markets, particularly for traders with quarterly performance targets, and fund managers, in the run up to the end of the quarter and financial year end.

A rally in equities was not translated into any selling of gilts, but it was a very quiet day.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
116	609	—	7	—
118	422	—	20	—
120	252	—	50	—
122	139	—	137	—
124	51	—	249	—
126	22	—	420	—
128	9	—	607	—

Estimated volume total, Calls 2783 Puts 1569
Previous day's open int. Calls 30702 Puts 22660

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
82	802	—	18	—
84	614	557	30	109
86	434	434	50	150
88	302	325	118	241
90	151	228	203	344
92	100	145	316	461
94	33	110	449	626

Estimated volume total, Calls 20 Puts 165
Previous day's open int. Calls 2408 Puts 1095

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Apr	Calls-settlements MAY	Puts-settlements Apr	Puts-settlements MAY
16500	1325	1450	55	180
17000	911	1086	141	316
17500	573	781	303	511
18000	325	537	555	767
18500	165	353	895	1083
19000	75	222	1305	1452
19500	30	133	1760	1863

Estimated volume total, Calls 0 Puts 2
Previous day's open int. Calls 40 Puts 58

LIFFE £/$ OPTIONS

[illegible]

LIFFE EURODOLLAR OPTIONS

[illegible]

LIFFE SHORT STERLING

[illegible]

PHILADELPHIA SE £/$ OPTIONS

[illegible]

LONDON SE £/$ OPTIONS

[illegible]

LONDON (LIFFE)

[illegible]

CHICAGO

[illegible]

CURRENCY FUTURES

[illegible]

FT LONDON INTERBANK FIXING

[illegible]

MONEY RATES

[illegible]

LONDON MONEY RATES

[illegible]

MONEY MARKETS

Overnight bill pact

THERE WAS little overall change in interest rates on the London money market yesterday, but the stronger pound gave a slightly easier tone to the longer periods.

Three-month interbank was unchanged at 8⅞-8¾ p.c., as the market saw no prospect of an early change in UK bank base rates.

There was a large credit shortage in the market for the second day running, and the Bank of England gave part of its daily help through overnight repurchase agreements on bills.

Dealers said this was the first time the central bank had provided such a short repurchase pact, but believed it was for technical reasons. After two days of large shortages the market is expected to be in substantial surplus today, partly because of redemption of an index linked gilt stock.

UK clearing bank base lending rate 8½ per cent from March 17

The Bank of England forecast a money market shortage of £850m, and provided total assistance of £835m.

An early round of help was offered, and at that time the authorities bought £396m bills, including £56m bank bills outright, in band 1 at 8⅝ p.c. A further £340m bills were purchased, for resale to the market today, at 8¾ p.c.

Another £84m bills were bought before lunch by the Bank of England, including £59m bank bills outright in band 1 at 8⅝, and £25m bills for resale to the market today at 8¾ p.c.

In the afternoon the authorities purchased £175m bills outright, by way of £149m bank bills in band 1 at 8⅝ p.c., and £26m bank bills in band 2 at 8⅝ p.c. Late assistance of £180m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £595m, with a rise in the note circulation absorbing £85m, and bank balances below target £170m. These outweighed Exchequer transactions adding £15m to liquidity.

In Frankfurt credit conditions were rather tight, with call money rising to 3.25 p.c. from 3.20 p.c. The West German Bundesbank provided Government funds at 3.30 p.c. to the money market, to prevent interest rates from rising too sharply.

At this time of the month the Federal Government has usually run down its holdings of cash at the Bundesbank, but at present still has a large amount of money with the central bank.

EUROPEAN OPTIONS EXCHANGE

[illegible]

TOTAL VOLUME IN CONTRACTS : 33,867

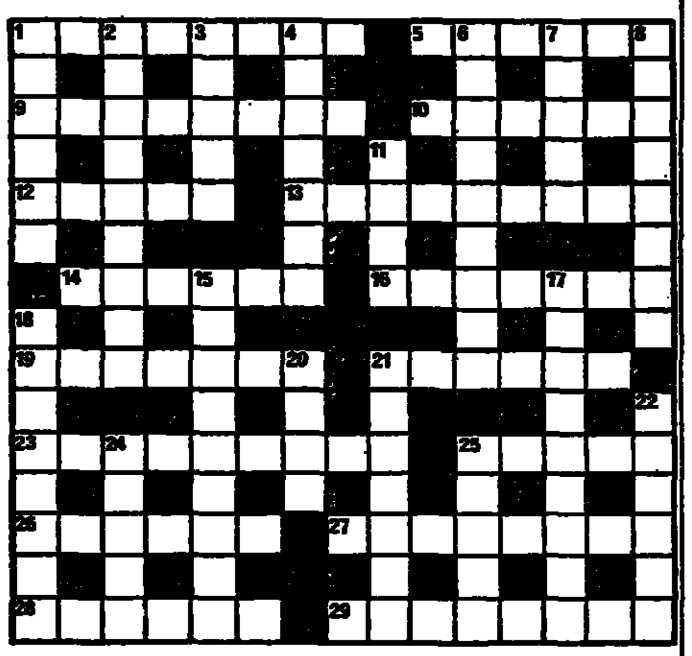
A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	Citibank NA	8½	Nat Bk. of Kuwait	8½
Adam & Company	8½	City Merchants Bank	8½	NatWestminster	8½
AAB - Allied Arab Bk	8½	Clydesdale Bank	8½	Northern Bank Ltd	8½
Allied Irish Bank	8½	Comm. Bk. N. East	8½	Norwich Gen. Trust	8½
Henry Ansbacher	8½	Consolidated Cred	8½	PK Finans. Int(UK)	9
ANZ Banking Group	8½	Co-operative Bank	*8½	Provincial Bank PLC	9½
Associates Cap Corp	10	Cyprus Popular Bk	8½	R. Raphael & Sons	8½
Authority Bank	8½	Dunbar Bank PLC	8½	Roxburghe G'rantee	10
B & C Merchant Bank	8½	Duncan Lawrie	8½	Royal Bk of Scotland	8½
Banco de Bilbao	9½	Equatorial Bank plc	9	Royal Trust Bank	8½
Bank Hapoalim	8½	Exeter Trust Ltd	9	Smith & Williamson Secs.	8½
Bank Leumi (UK)	8½	Financial & Gen. Sec	8½	Standard Chartered	8½
Bank Credit & Comm	8½	First Nat. Sec. Ltd.	9½	TSB	8½
Bank of Cyprus	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	§10.2
Bank of Ireland	8½	Robert Fraser & Ptnrs.	9½	United Bk of Kuwait	8½
Bank of India	8½	Girobank	8½	United Mizrahi Bank	8½
Bank of Scotland	8½	Grindlays Bank	8½	Unity Trust Bank Plc	8½
Banque Belge Ltd	8½	● Guinness Mahon	8½	Western Trust	8½
Barclays Bank	8½	HFC Trust & Savings	8½	Westpac Bank Corp.	8½
Benchmark Bank PLC	8½	● Hambros Bank	8½	Whiteaway Laidlaw	9
Berliner Bank AG	8½	Heritable & Gen Inv Bk	8½	Yorkshire Bank	8½
Brit Bk of Mid East	8½	● Hill Samuel	§8½		
● Brown Shipley	8½	C. Hoare & Co.	8½		
Business Mtge Tst	9	Hongkong & Shangh	8½		
CL Bank Nederland	8½	Lloyds Bank	8½		
Central Capital	8½	Meghraj Bank Ltd	8½		
● Charterhouse Bank	8½	Midland Bank	8½		
		● Morgan Grenfell	8½		
		Mount Credit Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Savewise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.81%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.50%. Mortgage 9.625% - 10%

FT CROSSWORD No.6,594
SET BY VIXEN



ACROSS

1 Liberal's part taken by workman (8)
5 The dog lay being injected with dope (6)
9 A musician has to ring as arranged (8)
10 Dutch courage? (6)
12 Register always including scriptural books (5)
13 Car gone in for repair – there's no knowing the outcome (9)
14 State learning means a lot (6)
16 Body of soldiers ordered to take in equipment (7)
19 Win giving quiet 23 across trouble (7)
21 Stay in when broke, that's 25 across (6)
23 Finding the right place to exercise in, spotless, is divine! (9)
25 Not all of those chosen seek recognition (5)
26 After the autumn a trainee will make the trifle (6)
27 A beast may well take the plane (8)
28 The craft of the guy scoring? (6)
29 The male figures where support is required (8)

DOWN

1 A woman going around overturned 7 down (6)
2 A distressing experience maybe set men aright (9)
3 The Spaniard presenting Oriental coppers with gold (5)
4 The hostile device is miles out. (7)
6 A public leader left one on making deal (9)
7 Warning: she's a seductive creature (5)
8 Note the radical must be kept in check (8)
11 The boss some think nobody could please (4)
15 Agreed on a mixer for the *drink* (9)
17 The waiter, a sober worker, receiving a tip (9)
18 This is no cure all! (8)
20 The French politician's the light here (4)
21 Clothing that fits one to a T! (7)
22 21 down for matches (6)
24 Put away about a hundred pounds and there's acclaim (5)
25 Brown is sanctimonious in the main (5)

Solution to Puzzle No.6,593

P	L	A	I	C	E		P	L	I	M	S	O	L	L
R		C		H				A		A		R		E
O	R	C	H	I	D		R	I	N	G	M	A	I	N
T		E		S		S		D		D		T		I
E	A	S	T	E	R	L	Y		S	A	P	E	L	E
S		S		L		O		T		L				N
T	R	O	T		O	V	E	R	W	E	I	G	H	T
		R		W		A		A		N		R		
J	A	Y	W	A	L	K	I	N	G		M	U	S	T
A				T		S		S		A		E		O
C	O	O	L	E	R		S	I	N	G	U	L	A	R
K		T		R		O		T		E		L		N
P	O	T	P	L	A	N	T		C	O	P	I	T	A
O		E		O		C				L		N		D
T	U	R	N	O	V	E	R		A	D	A	G	I	O

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

[illegible]

مكتبة الأصل

FT UNIT TRUST INFORMATION SERVICE

Scimitar Asset Management Ltd
8 Crosby Sq, London EC3A 6AQ 01-[illegible]

Scimitar Global Gth Ac	28.2	30.2	-1.0	-
Do. Income	28.1	29.9	-1.0	0.19
Scimitar European Acc	20.0	22.3	-0.6	-
Do. Income	20.0	21.5	-0.6	0.11
Scimitar UK Eq Inc Acc	34.2	38.0	-0.5	-
Do. Income	31.9	33.4	-0.4	3.44
UK Cap Gth Acc	23.6	24.9	-0.4	0.75
Scimitar Pac Basin Acc	29.2	31.1	+0.3	-
Scimitar Mngd Exempt	138.0	143.0	-1.9	-

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-558 1052

Intnl Income Units	125.3	132.9	-6.0	3.37
Intnl Accum Units	190.2	202.9	-10.4	3.37
UK General Acc	37.2	39.7	+0.1	3.38
UK General Inc	35.8	38.2	+0.1	3.38
American	26.7	28.4	-	2.15
European	33.4	35.6	-0.9	2.28
Japan	57.5	61.3	+0.2	0.89
Technology	33.9	36.2	-0.2	2.29
Performance Trusts				
Far East Perf Tst	18.4	19.6	+0.1	2.09
High Inc Perf Tst Inc	23.5	25.1	-	5.36
High Inc Perf Tst Acc	24.8	25.6	-	5.36
Worldwide Tact Perf Tst	27.4	29.3	-0.2	2.72

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	205.2	219.5	+0.1	2.89
Columbus (US)	125.3	134.1	-1.4	1.95
Marco Polo (Pac)	213.8	228.7	+0.9	0.19
Da Vinci (Eur)	215.6	230.6	-7.6	1.71
Drake (Wwf)	51.7	55.3	-0.4	2.40

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HN 041-248 6100

UK Equity	199.1	211.9	+0.3	2.71
UK Smllr. Cos. Equity	205.7	218.9	-0.5	1.95
UK Special Situations	60.9	64.8	+0.1	3.27
Income Plus	52.1	55.5	-0.3	4.69
European	156.5	166.5	-2.0	1.18
Far Eastern	51.9	55.3	+0.2	1.92
Japanese 1	55.1	58.7	+0.1	-
North American	108.5	115.5	-0.1	1.41
International Growth	106.3	113.1	-0.6	0.90
Worldwide Venture	52.2	55.6	+0.2	3.30

Trades Union Unit Trust Managers
100 Wood Street, London EC2 01-[illegible] 4355

TUUT Mar 1	212.5	223.7	[illegible]	3.22

Trifon Fd Mngrs. Ltd.
Royal Lda. Hse. Chichester CO1 1RA 0206 764400

Trifon General	143.3	154.1	-0.1	1.45

Tyndall Unit Trust Managers Limited
25 Bucklersbury, London EC4N 248 [illegible]

Convertible & Gilt Fd	58.6	62.1	-	6.25
Accum Units	60.3	65.9	-	6.25
Income	79.8	85.7	+0.4	4.47
Accum Units	79.8	85.7	+0.4	4.47
Smaller Co's	88.8	94.9	-0.5	1.96
Accum Units	80.8	85.7	-0.6	1.96
UK Growth	82.4	87.3	-	2.31
Accum Units	85.5	90.5	+0.1	2.31
Pacific Gold Tst Acc	47.8	50.6	-	-

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40635

British Growth Fd	58.1	61.9	-	1.73
Technical Analysis Fd	48.4	51.5	-	3.35

Unit Trust Account & Mgmt. Ltd
20 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	176.3	187.5	-	1.68
Friars Hse Inc Fd	153.0	161.0	-	5.38

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7. 01-534 5544

United Charities	166.3	177.4	-0.3	4.80

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU 01-236 3055
Dealing Line: 01-236 [illegible]

Charities	179.6	192.1	-	1.78
(Accum Units)	183.7	196.4	-	1.78
Far East & Gen	54.8	58.3	-0.1	-
(Accum Units)	54.8	58.3	-0.4	-
Master Portfolio	66.395	66.867	-0.922	1.12
(Accum Units)	67.002	68.720	-0.947	1.12
American & Gen	53.2	56.6	-0.5	1.02
(Accum Units)	54.6	58.1	-0.6	1.07
Growth	205.2	218.3	-0.7	2.24
(Accum Units)	309.3	329.3	-5.5	2.24
High Yield	261.0	277.7	-3.4	4.62
(Accum Units)	280.0	297.9	-3.7	4.62
Special Sits	50.8	54.0	-1.2	2.85
(Accum Units)	52.5	55.9	-1.3	2.85

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol — 0272 294941

Life Assurance Funds				
Wealth Assur.	383.2	403.5	.....	–
Eb'r Ph Eq.	341.0	362.5	.....	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	162.6	171.1	+0.5	–
International Acc.	124.4	130.9	–0.5	–
Property Acc.	127.5	134.2	.....	–
Fixed Interest Acc.	155.4	163.6	+0.2	–
Money Acc.	137.7	144.9	.....	–
Bldg. Soc. Link Acc.	134.8	141.8	+0.1	–
Special Mngd. Acc.	145.0	152.6	+0.2	–
Phoenix/Framlington				
Intl. Growth Acc.	85.5	90.0	–2.0	–
Amer. & Gen. Acc.	80.3	84.5	–0.9	–
Capital Tst. Acc.	170.5	179.4	–2.4	–
Japan & Gen Acc.	176.2	185.4	–2.5	–
American Turn. Acc.	83.5	87.8	–1.1	–
Recovery Tst. Acc.	163.5	172.1	–0.8	–
Special Mngd Acc.	140.6	147.9	–2.2	–
Phoenix/GT				
International Acc.	118.5	124.7	–1.4	–
US & General Acc.	86.7	91.2	–1.2	–
Amer Spec Sits Acc.	63.7	67.0	–0.7	–
Japan & General Acc.	174.1	183.2	+1.6	–
Far East & Gen. Acc.	135.8	142.9	–2.6	–
UK Capital Acc.	166.5	175.2	–3.9	–
European Acc.	130.5	137.3	–2.8	–
Special Mngd. Acc.	122.0	128.4	–2.1	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool — 051-928 6655

Managed Fund	267.7	281.8	.....	–
Max Pens Inc & Cap Fds	343.0	361.1	.....	–
Money Fund	111.7	117.6	.....	–
Pens. Mngd Fd (Init)	85.4	89.9	.....	–
Pens Mngd Fd (Acc).	96.3	101.4	.....	–
Pens FT30 Fd (Init)	129.8	136.7	.....	–
Pens FT30 Fd (Acc).	146.4	154.2	.....	–
Pens O'seas MgFd(Init)	56.6	59.6	.....	–
Pens O'seas MgFd(Acc).	63.8	67.2	.....	–
Pens Fxd Int. Fd (Init)	105.2	110.8	.....	–
Pens Fxd Int. Fd (Acc)	118.7	125.0	.....	–
Pens Deposit Fd (Init)	101.0	106.4	.....	–
Pens Deposit Fd (Acc).	113.9	119.9	.....	–

Premium Life Assurance Co Ltd
37-39, Perrymount Road, Haywards Heath — 0444 458721

American	80.0	85.0	+3.0	–
Building Soc. Fd.	159.0	168.0	.....	–
Balanced	231.0	244.0	.....	–
Deposit	159.0	168.0	.....	–
European	118.0	125.0	–2.0	–
GT Managed	143.0	151.0	–1.0	–
Gartmore Mngd.	94.0	99.00	.....	–
German	89.0	94.00	.....	–
Gilt	167.0	176.1	+1.0	–
High Inc.	106.0	112.0	.....	–
International Equity	146.0	154.0	.....	–
Japan	201.0	212.0	–1.0	–
Managed	51.0	54.0	.....	–
Property	244.0	257.0	.....	–
R. W. Imperial Gold	124.0	131.0	.....	–
UK Equity	297.0	313.0	+1.0	–
Pension Funds				
American	85.0	90.0	.....	–
Building Soc. Fd.	149.0	157.0	.....	–
Balanced	176.0	186.0	.....	–
Deposit	148.0	156.0	.....	–
European	119.0	126.0	.....	–
GT Managed	152.0	160.0	.....	–
Gartmore Mngd.	96.0	102.0	.....	–
German	91.0	96.0	.....	–
Gilt	137.0	145.0	.....	–
International Equity	102.0	108.0	.....	–
Japan	129.0	136.0	.....	–

OFFSHORE AND OVERSEAS

MANAGEMENT SERVICES

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

1987/88 High	Low	Stock	Price £	+ or –	Yield Int.	Red.
		"Shorts" (Lives up to Five Years)				
102¼	99[illegible]	Exch 10½pc '88	100[illegible]	.....	10.48	8.59
101[illegible]	98[illegible]	Treas 9¾pc Cv '88	100[illegible]	.....	9.73	8.53
99[illegible]	93[illegible]	Transport 3pc '78-88	99[illegible]	.....	3.03	6.71
101[illegible]	98[illegible]	Treas. 9½pc '88	100[illegible]	.....	9.45	8.62
105[illegible]	101[illegible]	Treas 11½pc 1989	102[illegible]	+[illegible]	11.24	8.68
102[illegible]	97[illegible]	Treas 9½pc Cnv 1989	100[illegible]	+[illegible]	9.42	8.62
96[illegible]	89¼	Treas 3pc 1989	96[illegible]	+[illegible]	3.11	6.27
104[illegible]	99[illegible]	Treas 10½pc 1989	101[illegible]	+[illegible]	10.31	8.79
103[illegible]	98[illegible]	Exch 10pc 1989	101[illegible]	+[illegible]	9.85	8.78
105[illegible]	100[illegible]	Exch 11pc 1989	103[illegible]	+[illegible]	10.67	8.75
96[illegible]	89[illegible]	Treas 5pc 1986-89	96[illegible]	+[illegible]	5.18	7.38
108[illegible]	99[illegible]	Exch 10¼pcCv '89	103[illegible]	+[illegible]	9.87	7.63
111[illegible]	104[illegible]	Treas 13pc 1990‡‡	106[illegible]	+[illegible]	12.17	8.76
106[illegible]	100[illegible]	Exch 11pc 1990‡‡	103[illegible]	+[illegible]	10.61	8.77
110[illegible]	103[illegible]	Exch. 12½pc 1990	106[illegible]	+[illegible]	11.73	8.82
92[illegible]	84[illegible]	Treas. 3pc 1990	92[illegible]	+[illegible]	3.22	6.55
100[illegible]	93[illegible]	Treas 8¼pc 1987-90‡‡	99[illegible]	+[illegible]	8.31	8.61
102[illegible]	98	Treas. 8pc Cv 1990	101	+[illegible]	7.92	7.48
105	97½	Treas. 10pcCv 1990	102[illegible]	+[illegible]	9.76	8.89
91[illegible]	81[illegible]	Exch 2½pc 1990	90[illegible]	+[illegible]	2.77	6.54
110½	102[illegible]	Treas 11¾pc 1991	106[illegible]	+[illegible]	11.00	8.92
95[illegible]	87¼	Funding 5¾pc '87-91‡‡	94[illegible]	+[illegible]	6.09	7.88
90[illegible]	80¼	Treas. 3pc 1991	89[illegible]	+[illegible]	3.36	6.86
110½	98½	Treas 10pc Cv '91 ‡	104[illegible]	+[illegible]	9.58	8.45
109[illegible]	101[illegible]	Exch. 11pc 1991	106[illegible]	+[illegible]	10.35	8.92
99	91[illegible]	Treas. 8pc 1991	97[illegible]	+[illegible]	8.22	8.84
116[illegible]	107[illegible]	Treas 12¾pc 1992‡‡	111[illegible]	+[illegible]	11.38	8.95
106[illegible]	97[illegible]	Treas 10pc 1992	103[illegible]	+[illegible]	9.67	8.93
99½	90[illegible]	Treas. 8pc 1992 ‡‡	97[illegible]	+[illegible]	8.24	8.86
108[illegible]	99½	Treas 10½pc Cv 1992‡‡	105[illegible]	+[illegible]	10.00	9.01
86[illegible]	79[illegible]	Treas. 3pc 1992	85[illegible]	+[illegible]	3.51	7.08
115[illegible]	105[illegible]	Exch. 12¼pc '92	111[illegible]	+[illegible]	11.00	9.85
121[illegible]	110[illegible]	Exch 13½pc 1992	115[illegible]	+[illegible]	11.65	9.08
		Five to Fifteen Years				
107[illegible]	97[illegible]	Treas 10pc 1993‡‡	103[illegible]	+[illegible]	9.63	9.03
118[illegible]	107½	Treas 12½pc 1993‡‡	113[illegible]	+[illegible]	10.97	9.11
95[illegible]	82¼	Funding 6pc 1993‡‡	91[illegible]	....	6.55	7.91
125[illegible]	113¼	Treas 13¾pc 1993‡‡	119[illegible]	+[illegible]	11.49	9.20

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

Financial

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

[illegible]

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INDUSTRIALS (Miscel.)—Contd.

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd

LEISURE

MOTORS, AIRCRAFT TRADES

Commercial Vehicles

Components

Garages and Distributors

NEWSPAPERS, PUBLISHERS

PAPER, PRINTING, ADVERTISING

PAPER, PRINTING, ADVERTISING—Contd

PROPERTY

SHIPPING

SHOES AND LEATHER

SOUTH AFRICANS

TEXTILES

TEXTILES—Contd

TOBACCOS

TRUSTS, FINANCE, LAND

Investment Trusts

TRUSTS, FINANCE, LAND—Contd

Finance, Land, etc

OIL AND GAS

OIL AND GAS—Contd

OVERSEAS TRADERS

PLANTATIONS

Rubbers, Palm Oil

Teas

MINES

Central Rand

Eastern Rand

Far West Rand

O.F.S.

Diamond and Platinum

Central African

Finance

Australians

MINES—Contd

Tins

Miscellaneous

THIRD MARKET

NOTES

REGIONAL & IRISH STOCKS

IRISH

TRADITIONAL OPTIONS

3-month call rates

Industrials

Property

Oils

Mines

A selection of Options traded is given on the London Stock Exchange Report Page

LONDON STOCK EXCHANGE

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 7	Mar 17	Mar 18	Mar 28
Mar 21	Apl 7	Apl 8	Apl 18
Apl 11	Apl 21	Apl 22	May 3

*New time dealings may take place from 9.00 am two business days earlier.

Dollar firmness prompts technical rally in leading equities and Gilts extend gains

A FIRMER PERFORMANCE by the US dollar, together with the overnight improvements in the New York and Tokyo equity markets, brought a welcome rally in UK stocks yesterday. The star turn of the day came from British Aerospace shares, which rose strongly after disclosure of favourable terms for its planned purchase of Rover, the UK car group.

There were few other strong features in the market, however, and there was a technical flavour to the equity recovery. Some of this week's share trades have been seen as tax loss deals, where stock is sold and often repurchased in the following session. At present levels, the UK equity market is 200 FT-SE points down since the opening of the tax year.

As so often in recent months, much of the gain in equities came early in the day, as traders responded to the overnight news from other major global markets. The FT-SE index was 10 points up at the opening, and then made only cautious progress until late afternoon when Wall Street started off well.

At the close, the FT-SE 100 Index showed a net gain of 18.6 at 1765.1. Turnover was sluggish at first but the Seaq volume total, boosted by trading in British Aerospace, improved to 348.4m shares.

The blue chip exporting shares brushed off the firmness of the pound, as the City preferred to see this as an optimistic pointer to lower rates. The market remains unsure of official policies on sterling/UK interest rates and awaits with keen interest today's appearance of Mr Nigel Lawson, the UK Chancellor of the Exchequer, before the Parliamentary Budget Committee. However, little serious attention was paid to rumours yesterday morning that Mr Lawson had resigned - rumours swiftly quashed by the authorities.

Equity market enthusiasm received a boost at mid-afternoon when British Aerospace shares, returning from the suspension which preceded the confirmation of the Rover deal, saw a "phenomenal two-way trade" as the City took a very favourable view of the terms of the planned purchase of the car company. Aerospace closed 60p up at 412p, after 20m shares had changed hands. Even so, the shares stand at a discount of around 60 per cent to the newly-estimated asset value of £10 a share calculated by some analysts following the Rover deal. Rover, with nearly all the equity in State hands, fell 10 to 65p.

At Chase Manhattan, Mr Brian Newman, aerospace specialist, said the details confirm his view that Agrospace has struck, "the deal of the decade", by gaining more than £1bn of assets for, effectively, only £150m.

The City is optimistic for a dividend increase with today's profits statement from British Aerospace, and confident that yesterday's approval by the European Commission (EC) for government aid for Renault, the French car manufacturer, will bring early acceptance by the EC of the Aerospace plan.

Firmness in sterling helped to keep the Gilt-edged market moving upwards, although there was still a dearth of genuine retail business. Suggestions in some quarters of another early cut in UK bank base rates found few *supporters. The pound closed* well, edging towards DM 3.11, but bond traders do not expect official concern at this level.

Long-dated Gilts ended with gains of ⅛ or so. At the shorter end, attention focussed on the £1.35bn *of Index-linked 2½ pc* Treasury '88 issue due for redemption today. This issue has been held by private investors who are expected to reinvest the repayment monies in similar low coupon, short dated, inflation *proof stocks. Stocks in this category* were firmer yesterday in anticipation of such actions later this week.

County NatWest, the London securities house, warned clients this week that the timing of any significant investment switch into Gilts "must surely be delayed" while while the UK economy shows signs of overheating. Recent data, it added, certainly point to currency and inflation risks on the horizon. However, last week's dip in the equity sector will mean that cash rich institutions may still be looking favourably towards increasing their weighting in the bond market.

City analysts continued to express uncertainty over the outlook for the UK equity market. Barclays de Zoete Wedd, in a commentary on equity strategy, pointed to the danger of recent unexpected combinations of bad news - specifically from Wall Street, and from the dollar's performance on the foreign exchange markets. The securities firm drew clients' attention to the possibility of selling on Wall Street ahead of the coming quarter end, commenting that institutional investors might wish to take the gains showing in the market so far this year.

BP old and new shares were virtually untraded – BP old showed a turnover of 3m, and the new turnover of 2.4m shares. The old shares were unchanged at 262p and the new a penny harder at 72p.

Elsewhere, LASMO were a shade off at 343p after the preliminary figures while Enterprise hardened 5 to 342p. Ultramar, where takeover speculation revived, jumped 14 to 254p.

Banks made good progress across the board led by Barclays which added 11 to 484p. Lloyds rose 7 to 273p, Midland 3 to 393p and NatWest 5 to 573p. Worries about a possible dividend cut and rights issue were shrugged aside by Standard Chartered which rallied 18 to 443p.

Insurances included a number of features, particularly Willis Faber which rallied 15 to 218p after preliminary figures which were at the top end of market expectations.

Allied Lyons were actively traded (some 6.1m shares changed hands yesterday) as Bond Corporation stake building rumours resurfaced and the shares moved ahead to close 14 higher at 387p.

Leading Building issues staged a tentative rally. George Wimpey dipped to 248p, the annual profits failing to match analysts' best estimates, before late support left the price virtually unchanged at 257p. Elsewhere, RMC firmed 10 to 475p ahead of the preliminary results due on April 13, while *Tarmac edged up 6 to 236p; the* latter's full-year figures are also due soon. BPB Industries responded to occasional buying interest with a gain of 7 at 283p, but Marley softened a couple of pence to 152p awaiting today's *annual results. Steetley, a dull* market on Monday, rallied 12 to 340p on second thoughts about the preliminary trading statement, while John Laing advanced 12 to 317p after favourable comment on the annual *results. Ibstock Johnsen,* reporting shortly, attracted good support and rose 10 to 175p.

ICI breached the £10 level once again to close 5 higher at 1004p, but investors remained wary of currency factors and little genu*ine business was transacted.* Brent Chemicals International recovered 6 to 183p following comment on the results, while Croda International revived with a gain of 4 at 182p. Foseco Minsep hardened a couple of pence to 218p; *the annual results are due* on April 27.

Stores made progress across the board. Marks and Spencer moved up 5 to 171p awaiting news of the outcome of the battle for Federated Department Stores, while Burton edged up 2 to 239p and Sears 1½ to 126p. Ratners hardened 2 to 247p. Underwoods, boosted by talk of imminent takeover news, rose 7 to 140p.

Next's preliminary figures were well received *but the shares* settled a shade off at 288p. Ward White rose 6 to 323p.

Elsewhere Body Shop jumped 20 to 495p after the placing. A Goldberg rose 5 to 185p, while Lloyds Chemist hardened 5 to 123p. Woolworths rallied 6 to 323p.

Turnover in electronic stocks was much reduced; GEC edged up 1¼ to 148½ in a volume of 3.7m. while Plessey, where stories of stake–building are now *thought to be wide of the mark,* hardened a penny to 157p. STC rose 4 to 241p on turnover 1.7m.

Laird Group's preliminary figures were well received in the market with the share price moving ahead strongly to close 15 higher at 234p. Laird also announced the proposed acquisition of CPIO Group from Renault for £22.4m cash. TI Group continued to respond to recent news of disposals, improving 12 further to 334p, while Beauford, still *reflecting David Bulmer's 15 per* cent stake, advanced a similar amount to 140p.

Food Retailers staged a minor recovery with Tesco leading the way at 156p, up 6. J. Sainsbury picked up 5 at 235p and Argyll added 3 to 200p. ASDA hardened a couple of pence to 174p with Kwik Save improving 3 to 341p. Elsewhere, Cadbury Schweppes shrugged aside currency factors to close a couple of pence dearer at 251p and *fellow confectionery* group Rowntree managed a small gain at 468p. Unigate were a shade dearer at 257p and Booker picked up a couple of pence at 382p.

Hotels gave a steadier performance, Grand Metropolitan edging forward to 477p prior to closing unchanged at 476p and Trusthouse Forte hardening 2 to 239p. *Ladbroke* rallied 4 to 394p.

International stocks staged *what was described as a "largely* technical" rally. Glaxo, particularly hard hit of late on currency worries, picked up 13 to 1007p. Beecham, still reflecting favourable prospects for its heart drug Eminase, improved afresh to *462p, up 5. Elsewhere in the pharmaceuticals,* Wellcome came into prominence with a gain of 17 at 461p on news of the company's proposal for an ADR facility in the US.

Christies International responded to bumper annual results (32.48m pre-tax compared with £18.85m) by rising 8 to 541p. Cookson edged up 9 to 568p as Warburg Securities took a bullish stance on prospects following a meeting with the company. Pearson, still reflecting the better-than-expected preliminary figures, continued to make headway and put on 8 further to 683p for a two-day gain of 13. Reuters rallied 9 to 497p and Rank Organisation a similar amount to 685p. Bridon returned to the limelight with a gain of 11 at 163p amid a revival of take-over hopes, while satisfactory preliminary results left BSG International 5 to the good at 62p. Worcester, a good market of late, reacted sharply in the wake of disappointing annual figures to close 28 down at 172p. British Syphon edged up a few pence to 135p following the announcement that Olives Paper *Mills had increased its holding in* the company to 600,000 shares.

Brent Walker, down 10 on Monday, shed a couple of pence more to 335p awaiting today's preliminary figures. Elsewhere in the Leisure sector, Wembley, formerly GRA, added 3 to 119p, while Radio Clyde weighed in with a gain of 4 at 111p. Thames TV hardened 5 to 315p.

Jaguar rallied strongly to close 12 higher at 283p as investors chose to ignore the workers' threat of industrial action after Easter. Recently dull Lucas Industries rallied 5 to 558p.

United Newspapers, scheduled to reveal annual results today, met with occasional buying interest and moved ahead to close 6 to the good at 437p. Reed International, unsettled of late by currency influences, took a turn for the better and picked up 6 to 394p. WPP also staged a rally, closing 11 dearer at 438p.

Properties, having resisted the downward market trend on Monday because of recent Budget benefits, managed further progress yesterday with Land Securities rising 7 to 528p and MEPC gaining a similar amount to 518p. British Land met with renewed demand and rose 8 to 303p, while Great Portland Estates improved 4 to 292p. Current takeover favourite Hammerson A put on 7 to 588p, a two-day rise of 22 and Mountleigh picked up 5 at 159p. Speculative buying boosted Regentcrest 6 to 106p, while demand ahead of figures due shortly lifted Ossory Estates 1¼ to 22½p. Dares Estates gained 1¼ to 30p and Sheraton Securi*ties rallied 3 to 73p. Power Corporation* closed 2 dearer at 110p following details of the annual results and proposed IR£19.5m rights issue.

Among Textiles, Hugh Mackay advanced to 320p before falling back to close 5 cheaper on balance following news that Allied Textile had increased its holding further in the company to just over 28.8 per cent. J. Crowther, awaiting news of the bid approach, *gained 4 to 181p.*

Financials were noteworthy for a rise of 8 to 202p in UTC following the good preliminary results.

Traded Option business continued to recede. Total contracts came out at 28,297 comprising 17,322 calls and 10,975 puts. The FTSE contract attracted 1,730 calls and 1,478 puts. Trading news failed to excite LASMO options, but late afternoon saw some interest in Stores where a 500 contract *bargain was traded* in Sears puts. There was revived interest in Marks and Spencer and some call buying of Tesco. British Aerospace attracted late activity after details of the Rover takeover.

FINANCIAL TIMES STOCK INDICES

	Mar. 29	Mar. 28	Mar. 25	Mar. 24	Mar. 23	Year Ago	1987/88 High	1987/88 Low	Since Compilation High	Since Compilation Low
Government Secs	90.39	90.18	90.24	90.34	90.36	90.28	93.32 (8/5/87)	83.73 (19/10/87)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.67	97.68	97.61	97.52	97.72	97.76	99.12 (15/6/87)	90.23 (2/1/87)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary ♥	1405.6	1394.4	1408.3	1421.6	1439.8	1577.1	1926.2 (16/7/87)	1232.0 (9/11/87)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	238.2	240.6	243.2	242.6	244.9	455.3	497.5 (4/8/87)	234.0 (29/2/88)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.68	4.66	4.62	4.58	4.45	3.72				
Earnings Yld. % (full)	11.90	11.86	11.75	11.65	11.32	8.49				
P/E Ratio (net)(*)	10.26	10.29	10.37	10.47	10.77	14.47				
SEAQ Bargains (5pm)	31,190	34,585	31,584	33,292	30,848	56,166				
Equity Turnover (£m)	-	942.67	1324.09	1401.10	1011.20	1291.43				
Equity Bargains	-	40,411	37,897	37,777	38,239	71,707				
Shares Traded (ml)	-	396.2	478.3	516.1	443.7	488.5				

S.E. ACTIVITY

Indices	Mar.28	Mar.25
Gilt Edged Bargains	114.3	125.9
Equity Bargains	261.8	245.5
Equity Value	1905.4	2676.5
5-Day average		
Gilt Edged Bargains	121.1	122.8
Equity Bargains	249.2	245.9
Equity Value	2278.8	2267.7

♥ Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1401.4	1400.5	1399.7	1399.7	1401.9	1401.9	1403.9	1405.2

Day's High 1406.7 Day's low 1398.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974, * Nil=10.15.

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

NEW HIGHS AND LOWS FOR 1987/88

NEW HIGHS (9).

BRITISH FUNDS (5) Treasury 3pc 1989, Treasury 5pc 1986-89, Treasury 3pc 1990, Treasury 2pc I-L '90, Treasury 2pc I-L '92, BUILDINGS (1) Shorco Grp., HOTELS (1) IoM Enterprises, TRUSTS (1) Drayton Japan.

NEW LOWS (38).

AMERICANS (3) IBM Corp., Pacific Gas & Elect., CANADIANS (1) Abm Gold, CHEMICALS (1) Dosbex, STORES (1) Field (Mrs), ELECTRICALS (4) Admiral Computing, Appld. Holographics, Highland El., Telecomputing, INDUSTRIALS (6) Magnacard, Reliance Sec. Grp., Widney, INSURANCE (1) Berry, Birch, LEISURE (1) Trillion, PAPERS (1) Associated Paper, SHOES (1) Fil Grp., TRUSTS (7) Cambrian & Gen. Cap., Coal. Assets Wrnts., Independent Inv. Wrnts., Primadona, River Plate Wrnts., Parrish, Warrior Inds., MINES (7) Grootvlei, Kinross, Leslie, Elsburg, Western Areas, ...

Traditional Options

- First dealings Mar 28
- Last dealings Apr 15
- Last declarations June 30
- For Settlement July 11

For rate indications see end of London Share Service

Interest in the Traditional option market remained at a reasonable level. Stocks favoured for the call included British Petroleum partly-paid, Stakis, Reliant Motor, Polly Peck, Equity and General, Blacks Leisure, Eagle Trust, Control Securities, Waterford units, Ultramar, Jaguar, Joseph Webb, Burns Anderson, J. Fisher, ICI, Barratt Developments and Helical Bar. Puts were arranged in Brent Walker, Polly Peck and British Petroleum partly-paid, but no double options were reported.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	288	Enterprise Oil	315	Prudential	415
Allied-Lyons	5,100	Fisons	1,600	Racal	1,700
Amstrad	810	General Accident	582	Rank Org.	531

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	99	9	6
Corporations, Dominion and Foreign Bonds	21	3	27
Industrials	515	355	699
Financial and Properties	231	91	322
Oils	27	20	62
Plantations	2	0	11
Mines	46	60	98
Others	44	110	118
Totals	985	648	1,343

FT - ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

FIXED INTEREST

LONDON TRADED OPTIONS

March 29 Total Contracts 28,297 Calls 17,322 Puts 10,975
FT-SE Index Calls 1,730 Puts 1,478
*Underlying security price.

LONDON RECENT ISSUES

EQUITIES

FIXED INTEREST STOCKS

"RIGHTS" OFFERS

WORLD STOCK MARKETS

CANADA

TORONTO
Prices at 2.30pm March 29

f—No voting rights or restricted voting rights.

WE REGRET that Montreal prices were not available for this edition due to computer problems.

OVER-THE-COUNTER *Nasdaq national market, 3pm prices*

Continued from Page 45

INDICES

NEW YORK DOW JONES

CANADA

NEW YORK ACTIVE STOCKS

CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		
Bridon	163	+ 11
Brit. Aerospace	412	+ 60
Christies Intl.	541	+ 8
Jaguar	283	+ 12
Laing (J.)	317	+ 12
Laird	234	+ 15
RMC	475	+ 10
Regentcrest	106	+ 6
Reuters B	497	+ 9
Steetley	340	+ 12
Wellcome	461	+ 17
FALLS		
Rover	85	− 10
Worcester	172	− 28

TOKYO - Most Active Stocks
Tuesday, March 29, 1988

	Stocks Traded	Closing Prices	Change on day
Sumitomo Metal	108.85m	396	-2
Nippon Steel	107.13m	474	-4
Mitsubishi Elec	52.30m	729	+15
Sumitomo Heavy Industries	51.87m	646	+11
Nissan Motor	36.15m	954	+25
Kubota	35.75m	740	+43
Kawasaki Steel	22.63m	393	-5
Ishikawajima-Harima Heavy Industries	20.45m	911	-9
Keisei Elec	20.45m	871	-9
Nissho Iwai	19.87m	559	-22

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 45

مكتبة الأصل

NYSE COMPOSITE CLOSING PRICES

Continued from Page 44

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
43½	27⅛	ScottP s			12	1682	37¼	36¾	36¾	+⅛
15⅝	10	Scottys .52		3.6	19	64	14½	14⅛	14¼	+¼
13	5⅛	ScdNA n.07e		.7		1500	9⅞	9⅝	9⅝	+¼
30½	12	SeaCnt .25e		1.1	10	101	21⅞	21¾	21⅞	−⅜
14¼	10⅛	SeaCt pf1.46		11.		3	13⅛	13	13	−¼
17½	14	SeaC pfB2.10		12.		8	16⅞	16⅝	16⅞	+¼
17½	13¾	SeaC pfC2.10		13.		35	16⅝	16⅝	16⅝	
58	37½	SeaC pfD4.12		9.1		29	46¼	45	45¼	−1

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
29⅝	15¾	TycoL s	.24	.9	28	1780	28¼	27¾	27⅞	−⅛
15¾	9¼	Tyler	.44	3.0	14	121	13⅛	13	13⅛	+⅛
		U U U								
25¾	11¾	UDC	2.20	12.	6	524	18¼	17¼	18¼	+¼
30	21¾	UGI	2.04	7.7	9	134	26½	26⅛	26⅜	+¾
13¾	4½	UNCInc01e		.1	18	1241	8⅞	7¾	8⅝	+⅝
27⅞	15⅛	UNUM	.40	1.9	11	1478	21⅝	20¾	20¾	−⅞

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19	9	WolvTc	.20	1.1	14	18	18⅝	18⅝	18⅝	
14	7⅛	WolvrW03e		.3	13	28	12	11¾	11⅞	
59⅝	29½	Wlwth	s1.32	2.9	12	1813	45⅝	44⅝	44¾	
9⅝	5	WrldCp				9	6⅞	6¾	6⅞	+⅛
19½	10⅝	WrldVl				57	14⅛	14	14⅛	
82	39	Wrigly	1.04a	1.4	22	133	76⅞	75⅛	75⅝	+¾
41¼	19½	Wrigly wi				5	39	39	39	
2⅞	¾	Wurltch				5	⅞	⅞	⅞	
17½	7	WyleL s	.28	3.0	16	44	9⅜	9¼	9¼	
30⅝	14½	Wynns	.60	2.9	44	44	20¾	20½	20¾	+¼
		X Y Z								
65	50	Xerox	3	5.6	10	3486	54⅜	53¾	53⅞	+⅛
50¾	49⅜	Xerox pf4.13		8.3		132	49¾	49⅜	49½	+⅛
34⅝	19⅛	XTRA	.64	2.1	16	135	31	29¾	30⅞	+⅝
29½	19½	XTRA pf1.94		7.2		110	27	27	27	−⅞
42¾	17½	Yorkin			14	410	39⅝	38½	39⅝	+⅞
7¼	2¼	Zapata				129	3¼	3⅛	3⅛	
37	13½	Zayre	.40	1.8	10	1819	22⅝	22	22	−⅛
18⅛	8¾	Zemex	.40	3.1	17	24	13	12⅝	13	+⅛
33⅝	10	ZenithE				2877	19⅛	18½	18½	−⅝
13⅛	2½	ZenLab				951	2⅞	2⅝	2⅝	−⅛
24	13½	ZeniNt	.80	4.0	10	187	20⅜	20¼	20¼	+⅛
20⅝	11⅝	Zero	.36	2.5	15	120	14⅝	14⅝	14½	
30¾	16	Zurnln s	.68	3.2	14	300	21½	20¾	21	+½
10⅝	7⅝	Zweig	1.34e	14.		841	9⅞	9¾	9⅞	+⅛

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls – sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

OVER-THE-COUNTER *Nasdaq national market, 3pm prices*

Continued on Page 43

AMERICA

Steadier dollar encourages Dow to edge past 2,000

Wall Street

THE STEADYING of the dollar in Japan encouraged an early recovery in Wall Street stock prices, but the rally failed to gain momentum by early afternoon, *writes Anatole Kaletsky in New York.*

The Dow Jones Industrial Average jumped 18 points to about 1,997 within minutes of the opening, but the 2,000-mark proved an insurmountable barrier throughout the morning's trading.

After giving up some of the early gains and drifting in a narrow range around 1,990, the market mounted another rally attempt just before lunchtime. This fizzled out just short of 2,000 at midday, but a second assault was under way soon after lunch and at 12.45pm the Dow was up 21.06 at 2,000.83. The broader averages closely reflected the Dow's performance, with the Standard & Poor's 500 rising 2.51 to 260.57 by 12.45pm.

The market's strong opening was generally attributed to the respectable performance of the dollar, which many New York traders had expected to hit new lows in Asia overnight. The Bank of Japan's apparent success in establishing a floor of around Y124 in Tokyo gave early encouragement to the bond market and created the conditions for a rebound in stocks which had been technically overdue.

However, scepticism about the US currency's stability continued to be widespread, putting a limit on the recovery in bonds.

The economic statistics announced yesterday morning were neutral to bearish for bonds. The index of leading indicators for February increased by 0.9 per cent, closely in line with expectations which had centred on a figure of 0.8 per cent, although there was a sharp downward revision in the January figure. The fall in January's index had originally been estimated at 0.6 per cent, but this was revised to 1.1 per cent down, suggesting that the economy might have been rather weaker than had originally been thought.

Figures for single family home sales, on the other hand, were much stronger than analysts had predicted. Home sales jumped 20.3 per cent in February, compared with a mean estimate of 7.5 per cent. The range of estimates reported last Friday by Money Market Services had been from zero to 14 per cent. However, the strength in the housing market proved to be ambiguous, because average house prices fell in almost every region of the country.

Subject to these economic cross-currents and without any notable monetary policy moves from the Federal Reserve Board to guide it, the bond market drifted throughout the morning after its early gains. By lunchtime, the Treasury long bond was up ⅜ at 101⅜, a price at which it yielded 8.766 per cent.

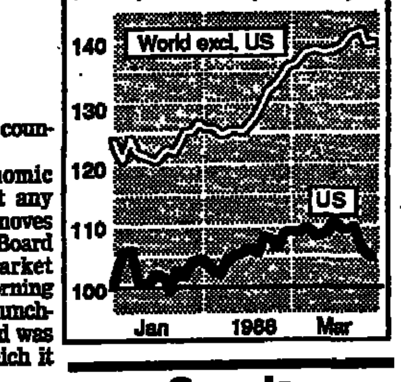
The Fed funds rate opened at a *slightly lower-than-expected 6⅝ per cent* and spent most of the morning at that level.

As usual some of the heaviest trading was in takeover and restructuring-related stocks. RJR Nabisco jumped $4⅞ to $52⅞ after announcing a share repurchase plan late on Monday, while Lucky Stores rose $1⅞ to $50⅞ in response to the $45 a share bid from American Stores.

J.P.Stevens advanced $1⅛, after Odyssey Partners raised its bid for the textiles group to $65 a share and Federated Department Stores improved $1 to $68⅞ as its suitor, Campeau, challenged the auction to be held on Wednesday by the Federated board.

Among blue-chips, IBM and Digital Equipment continued their recovery after last week's battering. IBM rose $⅞ to $108⅞ while Digital edged up $¾ to $106⅞.

FT-A World Indices
Dec.31,1986 = 100 (in $ terms)



Canada

GOLD ISSUES and industrials led advancing stocks in the Toronto market, which posted a gain in midday trading, shadowing a rise on Wall Street.

The composite index gained 24.5 to 3,294.5 as advances outpaced declines by 332 to 248 on moderate volume of 12m shares.

Polysar Energy topped the list of most actives, rising C$1⅛ to C$18⅛. Among other active issues, Alcan Aluminium rose C$⅛ to C$34⅞, Nova advanced C$⅛ to C$10⅞ and International Thomson moved ahead C$⅛ to C$13⅞.

Among golds, American Barrick firmed C$⅛ to C$25⅞, Echo Bay advanced C$⅛ to C$26 and International Corona moved ahead C$⅛ to C$9⅞.

Energy issues were mostly higher. Imperial Oil class A rose C$1⅛ to C$58⅞.

EUROPE

Bourses boosted by bargain-hunting

BARGAIN-HUNTING and technical corrections helped European bourses to reverse course yesterday, with sentiment buoyed by the overnight improvement on Wall Street and strong gains in Tokyo, *writes Our Markets Staff.*

FRANKFURT picked up sharply in a technical response to its steep three-day fall. The strength of the Tokyo market, Wall Street's steadier tone and a firmer dollar all added to the upturn which took the FAZ index 2.3 per cent higher to breach the 450 level again, closing 9.95 points better at 450.87.

Volumes remained low, however, and the recovery was insufficient to recoup all the ground lost on Monday. Some short-covering was accompanied by genuine institutional buying and a limited amount of interest from abroad, notably the UK.

Market analysts said Frankfurt's short-term course remained dependent on the dollar and the New York market. Wall Street's effect on European trading is being delayed somewhat this week by the time change, with New York opening an hour later in the European day.

Deutsche Bank was a strong feature yesterday, closing DM11.90 higher at DM406 after rising to DM410 on Monday's news of an unchanged DM12 dividend and amid expectations of reasonable results today.

Chemicals were buoyant on hopes of a repeat of Bayer's good figures when BASF and Hoechst announce their pre-tax profits. Bayer added DM4 to DM266, BASF rose DM7.40 to DM245.40 and Hoechst was up 50 pfg at DM263.40.

Steels, regarded as a defensive sector, saw good demand, with Hoesch and Mannesmann each up DM6.50 at DM115.80 and DM125 and Thyssen DM3.90 higher at DM124.80.

Cars moved forward, but VW was up only 80 pfg at DM239.80, with banks apparently ending a support operation following the close of the public share offer on Monday.

Bonds eased between 20 and 25 pfg following losses in the New York market, with the yield on the 6⅛ per cent 1998 federal bond up 0.03 per cent at 6.32 per cent.

PARIS moved higher in thin trading on a round of bargain-hunting following the better tone on Wall Street. The 50-share bourse indicator was up 1.35 per cent in late trading following Monday's 3 per cent fall.

Turnover was expected to be around the recent FFr650m level compared with average daily volume of FFr1.5bn last month.

Notable gains included construction group Bouygues, a recent laggard, up FFr39 at FFr774, and Schneider, bidding for control of Télémécanique, up FFr16 at FFr239.

Car components group Valeo, which said it expected further profits growth this year and announced more job cuts, added FFr2 to FFr401.

MILAN was boosted by strong trading in Fiat and ended slightly higher in spite of active selling by speculators. The MIB index gained 2 to 1,044.

Rumours that Fiat was in acquisition talks pushed the carmaker up to L9,160 in after hours trading, after it closed off L45 at L9,005. Fiat, which saw strong overseas demand, denied the speculation.

Banca Commerciale, which reported annual profits up 8.6 per cent, added L30 to L2,140 and publishing house Mondadori, which boosted its profits by a third, climbed L200 to L19,700. Insurance giant Generali rose L180 to L86,700.

AMSTERDAM ended higher after three days of broad declines, helped by early strength on Wall Street and a firmer dollar.

The ANP-CBS index rose 3.9 to 240.3, although volume remained low as overseas investors limited their activity and domestic institutions bought selectively.

ZURICH rose in fairly active trading as investors went bargain hunting following Monday's sharp decline. The Crédit Suisse index added 12.5 to 437.6.

Hoffmann-La Roche baby certificates firmed SFr300 to SFr10,550 on news of a joint venture deal with Dainippon Ink and Chemicals of Tokyo.

Financial group Pargesa, which reported a 9 per cent rise in annual profits, climbed SFr85 to SFr1,435.

STOCKHOLM moved higher in a technical reaction to recent falls, with the Affaersvaerlden general index adding 7.4 to 781.4.

Blue chips saw the most activity, with a SKr4 rise to SKr230 for Electrolux, which announced a £28m deal to acquire the seatbelt business of UK motor distributor BSG.

Building company ABV was unchanged at SKr410 after a consortium of its shareholders rejected a hostile takeover bid from private industrial group Nordstjernan.

BRUSSELS closed mixed to lower amid continued caution, although losses were trimmed by the firmer dollar and the previous improvement on Wall Street. The Brussels stock index fell 35.09 to 4,851.88, a smaller loss than in previous sessions.

Oil group Petrofina rose BFr200 to BFr11,200, while retailer GB-Inno saw a mild revival in demand, adding BFr24 to BFr1,214 on a volume of over 11,000 shares.

COPENHAGEN celebrated a painless re-opening after a six-day closure while paper share certificates were converted to computer entries.

Brokers said there were no problems with the new electronic system, but there was some initial confusion caused by the new price system. Share prices, previously quoted as a percentage of face value, are now quoted in kroner.

Trading was very thin and the official index closed at 192.32, down 1.3 from its previous closing on March 22.

MADRID closed mixed, with the general index unchanged at 269.37 although utilities performed well.

The feature of the day was sugar refiner Ebro, which announced a 150 pta gross interim dividend after a 30 pta dividend last year. Ebro has also written to the Kuwaiti parliament in an attempt to fend off the hostile bid from the Kuwait Investment Office.

London

STRONG demand for British Aerospace shares helped boost a market already cheered by previous improvements in New York and Tokyo, and London closed higher yesterday, with the FT-SE 100 index up 18.6 at 1,763.1.

The firmer dollar also buoyed sentiment and volume improved to 348m shares. BAe was sought on news of favourable terms for its planned purchase of the car group Rover.

Court case rouses Vienna

THE VIENNA Stock Exchange has been enjoying a brief reprieve from months of sluggish trading with a flurry of activity in the shares of Montana, the successful industrial holding company, *writes Judy Dempsey in Vienna.*

For several months, Montana stock had been selling at around Sch1,000 ($85), but a court decision in Switzerland has driven the price up to Sch17,000.

The court case involved the partly French-owned company Magnesia, which is based in Switzerland. Montana had paid for 51 per cent of Veitscher Magnesitwerke but received neither the shares nor dividend coupons from the seller Magnesia. After a court case lasting five years, the company is now due to obtain them at the old price, despite hefty increases in Veitscher's share capital and nominal share value in the intervening years.

The court decision prompted brisk trading in Montana's shares on the Vienna bourse. In the past, the company made up about Sch500,000 of the total daily volume of between Sch20m and Sch40m. However, over the past week, trading in Montana's shares has often reached Sch11m, or 50 per cent of the daily volume.

Security market analysts welcome the burst of activity, but they say the overall trend in Vienna points to a return to sluggish trading. For the moment, however, Montana is riding high and has given a much-needed lift to a bourse that has yet to emerge from the October doldrums.

SOUTH AFRICA

A FIRM bullion price helped push up most Johannesburg gold stocks after Monday's small losses.

Freegold rose 70 cents to R30 and Driefontein gained 75 cents to R33.

Platinum issues were given a boost by an agreement between Rustenburg Platinum, Lebowa Platinum and the Lebowa Government. Rustenburg increased 85 cents to R30.10.

Other mining and financial stocks also firmed. Diamond share De Beers rose R1.65 to R39.75 while Gold Fields put on R2.50 to R53.

ASIA

High-tech issues lead Nikkei surge

Tokyo

KEEN buying pushed Tokyo share prices back to pre-crash levels again yesterday amid strong demand for high-technology stocks and issues benefiting from economic growth, *writes Shigeo Nishiwaki of Jiji Press.*

The Nikkei average closed up 330.38 at 25,953.09, with the day's high at 25,981.41 against a low of 25,610.09. Volume declined to 1.1bn shares from Monday's 1.2bn, while advances led falls by 598 to 317, with 129 issues unchanged.

The market got off to a weak start, hit by the lower opening of the dollar against the yen which was at Y123.88 on the Tokyo foreign exchange market.

But share purchases picked up as the US currency recouped some of its early losses to close a shade lower at Y124.37. This followed indications from Finance Minister Mr Kiichi Miyazawa that the Group of Seven leading industrial nations had been trying to prevent a further fall in the dollar through co-ordinated currency market intervention.

The market heard yesterday that total margin buying on Japanese stock exchanges reached a record Y7,658bn last week, the sixth consecutive weekly rise.

Interest during the day focused on high-technology stocks and domestic demand-related issues. High-technology stocks were sought on expectations that the country's stronger-than-expected economic growth would help improve earnings positions.

Matsushita Electric Industrial added Y80 to Y2,650, Fujitsu Y50 to Y1,500, NEC Y30 to Y2,120, Toyota Motor Y60 to Y2,360 and Sony Y80 to Y5,130.

Heavy electricals performed strongly. Hitachi rose Y60 to Y1,420, while Mitsubishi Electric, *the third most active stock with* 52.3m shares, ended Y15 higher at Y729. NTT closed Y80,000 higher at Y2.43m.

Among domestic demand-related issues, Taisei gained Y26 to Y942, Ohbayashi Y22 to Y967, Mitsubishi Estate Y80 to Y2,250 and Nagoya Railroad Y18 to Y907. Wakachiku Construction jumped Y101, or 10 per cent, to a record high of Y1,080.

Recently selected large-capital steels and shipbuildings turned easier, affected in part by lower demand from Nomura Securities.

Sumitomo Metal Industries fell Y2 to Y396, but topped the active list with 109m shares changing hands. Nippon Steel, the second busiest issue with 107m shares traded, finished Y4 lower at Y474.

Bond prices firmed in active *trading, bolstered by institutional* investors' buying.

Reflecting the sharp overnight drop in US bond prices, the yield on the benchmark 5.0 per cent government bond, due in December 1997, opened sharply higher at 4.540 per cent against 4.495 per cent at Monday's close.

City banks and non-life insurance firms then bought the benchmark issue to build up their positions, pushing down the yield sharply to 4.490 per cent at the close.

Trading volume on the over-the-counter market reached about Y1,200bn, nearly triple Monday's level.

Osaka Securities Exchange prices extended their rising streak with buying focusing on blue chips. The 250-issue OSE stock average closed 266.14 *higher at 25,940.42, on volume of* about 167m shares, up 430,000 from Monday.

Nintendo rose Y400, or 4.6 per cent, to Y9,150, while Toa Wool Spinning and Weaving added Y110 to Y1,650 on rumours of the demand from speculators.

Hong Kong

LOCAL investor demand *helped* push share prices higher, with sentiment aided by gains in Tokyo and pared losses in New York.

The Hang Seng index rose 54.83 to 2,521.61, near the day's high of 2,523. Turnover was HK$852m against HK$728m on Monday.

Expectations of strong profits from Hutchison and Cheung Kong also provided support. Hutchison, up 20 cents at HK$8.25, *reported 15 per cent* higher annual profits after the market closed. Its parent, Cheung Kong, gained 15 cents to HK$7.40.

Elders Investment, a unit of Australia's Elders IXL, was suspended pending an announcement which the exchange said involved a major US investment.

India acts as prices hit two-year low

BOMBAY'S stock market has tightened restrictions on margin selling for the second time in two weeks after a fall in share prices to a two-year low on Monday, *writes R.C. Murthy in Bombay.*

The move, in which margins on selling have been doubled to 20 per cent, represents an attempt to stave off another crash in the market, which has fallen by about 10 per cent over the past two weeks and remains 22 per cent below its peak reached last summer.

Investors trying to take advantage of a falling market by selling shares they do not yet own – hoping to buy them more cheaply before settlement day - will now have to *deposit 20 per cent of their* sale proceeds with the exchange authorities. Two weeks ago there were no such restrictions.

The 30-share index on the Bombay exchange, which accounts for 70 per cent of trading in India, fell to 390 on Monday, and closed yesterday just 8 points higher. Last August, it peaked at about 500.

Until the middle of this month the market had been enjoying a minor rally, boosted by the Government's decision to ease restrictions on *forward trading in shares.*

The move took effect on March 11 and helped spur a 3 per cent rally over four days.

But selling pressure has since increased, exacerbated by individuals using the rally to sell to take advantage of capital gains exemptions in the current fiscal year – *hence* the tightening of curbs on margin selling.

The market is now pinning *some hopes for a revival on* the monsoon, due in June. Agriculture accounts for about 45 per cent of gross national product, and the failure of the rains last year cut economic growth in half.

Australia

THE STRONG gains in Tokyo and renewed stability on Wall Street injected a note of confidence and led to a 15.4 rise in the All Ordinaries index to 1,396.1 in slim turnover.

Domestic institutions were selective buyers and the gold index recovered 29.5 points to 1,763.3 on the firmer bullion price.

In the industrial sector, media stocks and insurers were particularly strong. News Corp rose 40 cents to A$13.65, while FAI Insurance added 5 cents to A$4.75 following its purchase of a 40 per cent holding in Cumberland Credit, unchanged at 90 cents.

Singapore

AFTERNOON selling by investors keen to take profits or cut losses led to a lower market for the fourth consecutive day, with *the Straits Times Industrial* index falling 5.87 to 919.35.

Trading was dominated by small investors and centred mainly on cheaper issues. Turnover fell to 24.2m shares from 25.7m on Monday.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY MARCH 28 1988					FRIDAY MARCH 25 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1987/88 High	1987/88 Low	Year ago (approx)
Australia (89)	112.05	−3.9	89.36	101.65	4.17	116.59	94.12	105.15	180.81	85.36	124.36
Austria (16)	91.26	−0.9	72.78	78.79	2.66	92.06	74.32	80.10	102.87	84.35	94.53
Belgium (48)	135.39	−0.7	107.97	116.52	4.11	136.28	110.02	118.30	139.89	94.63	116.07
Canada (126)	120.05	−0.3	95.74	107.57	3.06	120.46	97.24	108.42	141.78	98.15	130.46
Denmark (38)	119.95	+0.9	95.66	103.80	2.77	118.87	95.96	103.80	124.83	98.18	114.05
Finland (23)	123.82	−0.6	98.75	104.14	1.91	124.56	100.55	105.45	–	–	–
France (121)	82.36	−1.7	65.68	72.70	4.40	83.74	67.60	74.68	121.82	72.77	119.90
West Germany (94)	76.25	−1.8	60.81	65.84	2.81	77.65	62.69	67.64	104.93	67.78	93.18
Hong Kong (46)	96.50	−1.2	76.96	96.68	4.49	97.70	78.87	97.90	158.68	73.92	110.05
Ireland (14)	119.20	−0.9	95.07	104.29	4.40	120.27	97.09	106.25	160.22	93.50	130.83
Italy (94)	77.02	−2.3	61.42	70.69	2.73	78.84	63.65	73.01	112.11	62.99	102.77
Japan (457)	168.60	+0.8	134.46	132.31	0.54	167.29	135.05	132.50	168.60	100.00	131.54
Malaysia (36)	118.80	−1.1	94.74	117.08	3.28	120.12	96.97	118.59	193.64	93.76	132.74
Mexico (14)	140.13	+2.3	111.75	349.00	1.02	136.99	110.59	341.57	422.59	90.07	147.77
Netherland (37)	104.93	−2.1	83.69	89.30	5.15	107.19	86.53	92.10	131.41	87.70	113.08
New Zealand (23)	72.38	−5.9	57.72	59.39	5.75	76.89	62.07	63.58	138.99	64.42	96.88
Norway (24)	119.44	−1.5	95.26	101.45	2.98	121.29	97.91	103.71	185.01	95.51	126.00
Singapore (26)	108.80	−1.9	86.77	100.45	2.32	110.89	89.52	102.77	174.28	81.21	120.64
South Africa (61)	135.21	−1.0	107.84	79.88	5.32	136.57	110.25	80.69	198.09	100.00	175.51
Spain (43)	150.00	−0.4	119.63	126.08	3.36	150.57	121.55	127.81	168.81	100.00	113.07
Sweden (32)	115.24	−2.0	91.90	100.40	2.80	117.53	94.88	103.00	136.64	88.50	115.05
Switzerland (53)	79.19	−4.0	63.15	67.28	2.53	82.50	66.60	70.89	111.11	73.65	98.61
United Kingdom (327)	134.54	+0.0	107.30	107.30	4.50	134.51	108.59	108.59	162.87	99.65	130.62
USA (585)	104.76	−0.7	83.55	104.76	3.60	105.52	85.18	105.52	137.42	91.21	119.35
Europe (964)	106.36	−0.9	84.83	88.91	3.95	107.38	86.69	90.73	130.02	92.25	114.68
Pacific Basin (677)	163.56	+0.6	130.44	129.67	0.71	162.59	131.26	130.03	163.80	100.00	130.42
Euro-Pacific (1641)	140.69	+0.1	112.20	113.48	1.70	140.52	113.44	114.40	143.65	100.00	124.14
North America (711)	105.58	−0.7	84.20	104.95	3.57	106.32	85.83	105.71	137.55	91.68	119.94
Europe Ex. UK (637)	88.89	−1.8	70.89	77.37	3.45	90.53	73.09	79.55	111.97	78.89	104.83
Pacific Ex. Japan (220)	102.69	−3.0	81.90	95.69	4.25	105.88	85.48	98.43	164.03	82.92	116.67
World Ex. US (1842)	139.93	+0.1	111.59	113.04	1.77	139.79	112.85	113.95	143.38	100.00	124.94
World Ex. UK (2100)	125.56	−0.2	100.14	110.48	2.13	125.79	101.55	111.30	138.82	100.00	122.01
World Ex. So Af (2366)	126.29	−0.2	100.72	110.39	2.33	126.49	102.11	111.25	139.47	100.00	122.43
World Ex. Japan (1970)	106.07	−0.9	84.59	98.77	3.75	107.01	86.39	100.02	134.22	92.98	118.59
The World Index (2427)	126.35	−0.2	100.76	110.17	2.35	126.55	102.16	111.03	139.73	100.00	122.76

Base values Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ Index) 90.791 (Pound Sterling) and 94.94 (Local)

Danish Stock Exchange closed in order to implement electronic trading system
US index based on 3 p.m. (Local time) prices
Latest prices were unavailable for this edition.